



FORECLOSURE SALE

Cupluaq House
Lot 13 Bk 2 Stebbins Blueberry S/D
Stebbins, AK 99761
A 5 Unit Multifamily Community

Is offered for sale at foreclosure:

- ❖ This property is subject to a Lease Agreement with the City of Stebbins. The City passed a resolution agreeing to amend the Lease Agreement to remove the elderly restriction. Execution of the Amendment is not a requirement for Closing.



Oral bids will be accepted on:
August 15, 2013

at:10:00 am (local time)

Sale Location:
U.S. Post Office
(Main Lobby)
113 Front Street
Nome, Alaska 99762



U. S. Department of Housing and Urban Development
Fort Worth Property Disposition Center
801 Cherry Street, Unit #45, Ste. 2500
Fort Worth, TX 76102

DUE DILIGENCE SHOULD BE PERFORMED IN ADVANCE OF SUBMITTING A BID. WHILE CARE HAS BEEN EXERCISED TO ENSURE ACCURACY, ALL INFORMATION PROVIDED IS SOLELY FOR THE PURPOSE OF PERMITTING PARTIES TO DETERMINE WHETHER OR NOT THE PROPERTY IS OF SUCH TYPE AND GENERAL CHARACTER AS TO INTEREST THEM IN ITS PURCHASE. HUD MAKES NO WARRANTY AS TO THE ACCURACY OF SUCH INFORMATION

INVITATION TO BID

Consistent with and subject to the terms and conditions of this Invitation to Bid, there is an opportunity to make an offer to purchase the Project more particularly described below. This document, titled Invitation to Bid, sometimes referred to herein as the "Invitation," and commonly known as a "Bid Kit," sets forth the terms and conditions for the submission of a bid to acquire the Project at the foreclosure sale of the Project. This Invitation also includes information concerning Previous Participation Certification (Form HUD-2530) requirements and a list of the forms necessary to submit a complete, responsive bid.

INVITATION DEFINITIONS

The following definitions apply to capitalized terms in this Invitation.

1. **APPS:** The Active Partners Performance System (APPS) allows HUD's business partners to manage their company and individual participation information and submit their APPS Previous Participation Certification (APPC) requests directly to HUD for processing via the Internet.
2. **Acknowledgment:** The document executed at the Foreclosure Sale by the High Bidder, obligating the High Bidder to the terms and requirements of the Foreclosure Sale, the form of which is attached to this Invitation as Attachment B.
3. **Act:** Multifamily Mortgage Foreclosure Act, codified in 12 U.S.C. § 3701 et seq.
4. **Affiliate:** Persons are affiliates of each other if, directly or indirectly, either one controls or has the power to control the other or a third person controls or has the power to control both. The ways we use to determine control include, but are not limited to (a) Interlocking management or ownership; (b) Identity of interests among family members; (c) Shared facilities and equipment; (d) Common use of employees; or (e) A business entity which has been organized following the exclusion of a person which has the same or similar management, ownership, or principal employees as the excluded person. ([24 C.F.R. § 200.215](#) - Affiliate.)
5. **Cash Due at Closing:** The bid price less the Earnest Money Deposit received, plus any prorations. Cash due at Closing includes all initial deposits to escrow and/or reserve accounts as may be required by HUD. Funds shall be paid in the form of a money order, certified funds or a cashier's check made payable to: The U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.
6. **Certification of Substantial Compliance:** A certification by High Bidder that its other properties in the jurisdiction of the Project are in substantial compliance with state and local laws. Attachment G of this Invitation.
7. **Closing:** When title to the Project is transferred to the bidder that HUD deems qualified to purchase the Project.
8. **Days:** Federal government business days, unless otherwise stated as calendar days.
9. **Deed:** see Foreclosure Deed.
10. **Earnest Money Deposit:** The amount of the deposit identified in the Property at a Glance. Must be submitted at the Foreclosure Sale.
11. **Evidence of APPS registration:** After the foreclosure sale, this is certification that must be submitted to the Realty Specialist identified in the Property at a Glance and can be in the form of a copy of the Participant Successfully Registered page from the APPS system **and** a copy of the Multifamily Coordinator and User Registration page from Secure Systems **or** a copy of the Participant Detail page. (See APPS User Guide-Industry for printing instructions).
12. **Extension Fees:** The fee that must be paid to HUD when requesting an extension of the time, or deadline, for the Closing. If an extension of the deadline for the Closing to occur is authorized, the Purchaser must pay a fee for each thirty (30) calendar day extension period, the amount of which will be determined by HUD consistent with current policies and procedures.
13. **Extension Period:** Extensions of time for Closing are granted for a thirty (30) calendar day period.
14. **Foreclosure Commissioner:** An attorney or law firm designated by HUD to conduct the Foreclosure Sale of the Project, pursuant to 12 U.S.C. §3704.
15. **Foreclosure Deed:** The deed that will transfer title to the Purchaser. It will not contain any warranties of title.
16. **Foreclosure Sale:** Sale of the Project resulting from a mortgage foreclosure by HUD.
17. **High Bidder:** Highest, responsive bidder at Foreclosure Sale.
18. **PCS:** Physical Condition Standards; The HUD minimum physical condition standards for dwelling units. ([24 C.F.R. § 5.703](#)). These are the decent, safe and sanitary conditions, and in good repair, standards which must be met within a specified number of calendar days after Closing.
19. **Post-Bid Document Submittals:** All documents, statement, and forms listed in the Invitation that must be submitted by High Bidder in order to be considered for HUD approval to purchase the Project.
20. **Post-Closing Repairs:** All repair/rehabilitation work must be performed in a manner compliant with the essential and material requirements of the state and local codes and laws, ordinances, regulations, and HUD's Physical Condition Standards.

21. Previous Participation: It is HUD's policy that participants in its housing programs be responsible individuals and organizations that will honor their legal, financial, fair housing and contractual obligations. ("Responsibility" is a term used by HUD to mean business integrity, honesty and capacity to perform). Accordingly, uniform standards are established in HUD regulations for approval, disapproval or withholding of action on principals for projects in which they apply to participate.
22. Previous Participation Certification: Form HUD-2530. The information within this form, in combination with other factors and submitted documentation, will be used to determine whether HUD will approve a bidder to purchase, operate, and/or manage the Project.
23. Principal: Principal means (a) An officer, director, owner, partner, principal investigator, or other person within a participant with management or supervisory responsibilities related to a covered transaction; or (b) A consultant or other person, whether or not employed by the participant or paid with Federal funds, who (1) Is in a position to handle Federal funds; (2) Is in a position to influence or control the use of those funds; or, (3) Occupies a technical or professional position capable of substantially influencing the development or outcome of an activity required to perform the covered transaction. (c) A person who has a critical influence on, or substantive control over, a covered transaction, whether or not employed by the participant. (For complete definition see [24 C.F.R. § 200.215](#) – Principal.)
24. Project: The multifamily apartment project and all real and personal property appurtenant thereto, as presented on the cover of this Invitation.
25. Property at a Glance: Contains information about the Project and contact information for the Realty Specialist – see Attachment A to Invitation.
26. Purchaser: Person or entity receiving HUD approval to purchase the Project.
27. Realty Specialist: HUD staff member to be contacted for additional information concerning the Project or the Foreclosure Sale. Identified on the Property at a Glance.
28. Repairs: see Post-Closing Repairs.
29. Second High Bidder: Second highest, responsive bidder at Foreclosure Sale.
30. Section 8: Section 8 of the United States Housing Act of 1937 and applicable regulations within Title 24 of the Code of Federal Regulations.
31. Statement of Experience: The written statement to be submitted by High Bidder, as part of the qualification process in order to be considered by HUD for approval to purchase the Project.
32. Use Agreement: The Foreclosure Sale Use Agreement in the form attached as Attachment C to this Invitation, which will be executed by Purchaser of the Project at Closing and run with the land to bind the Purchaser and any permitted successors and assigns.

SECTION 1 - INTRODUCTION AND GENERAL INFORMATION

1. **BID RESPONSIVENESS:** A bid must be responsive to the terms of the Foreclosure Sale. To be considered for award, a bid must comply in all material respects with this Invitation. Each bid on its face shall be firm, unconditional, responsive, fixed in one amount certain, and not in the alternative. Special conditions, alterations, or deletions will render a bid non-responsive. The terms of the Foreclosure Sale are those set out in this Invitation and Attachments. Lack of an Earnest Money Deposit, as required by this Invitation, will be cause for bid rejection.
2. **SALE TO HIGHEST QUALIFIED BIDDER:** Sale of this Project will be awarded to the highest bidder determined to be qualified to purchase the Project. The defaulting owner of the Project, or any affiliate thereof, will not be permitted to bid.
3. **NO REDEMPTION PERIOD:** This Foreclosure Sale is not subject to redemption by the defaulting owner of the Project.
4. **BID ACCEPTANCE OR REJECTION:** At any time prior to Closing, HUD reserves the right to reject any and all bids, to waive any informality in any bid received, and to reject the bid of any bidder HUD determines lacks the experience, ability, or financial responsibility necessary to own and provide management acceptable to HUD.
5. **CANCELLATION OF SALE:** HUD reserves the unconditional right to cancel this Invitation and reject any and all bids at any time prior to the Closing of the Foreclosure Sale.
6. **BIDDER'S DUE DILIGENCE:** Bidders, their agents and advisors should review carefully the information in this Invitation and Attachments, and any additional information made available by HUD, and should undertake their own investigation of the Project to evaluate the risks associated with purchasing the Project.
7. **POST-CLOSING REQUIRED REPAIRS:** *HUD is not requiring specific repairs; the Project must be repaired to meet state and local codes and HUD's Physical Condition Standards. Repairs that must be completed by Purchaser after Closing, if applicable to this Foreclosure Sale, are included in Riders 2 and 5 of the Use Agreement.*
8. **While care has been exercised to assure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the Project is of such type and general character they are interested in purchasing. HUD makes no warranty as to the accuracy of the information. The failure of any bidder to inspect or be fully informed as to the condition of all or any portion of the Project, or any conditions of Foreclosure Sale, will not constitute grounds for any claim, demand, adjustment, or withdrawal of a bid.**
9. **OUTSTANDING ENCUMBRANCES THAT SURVIVE FORECLOSURE:** By entering its bid, the High Bidder agrees to assume all responsibility for paying all outstanding encumbrances and expenses, including, but not limited to, taxes, assessments, utility bills and any liens not extinguished by the foreclosure. Bidders are advised to determine outstanding expenses, taxes, utilities, assessments, and liens as part of the due diligence process and take them into consideration when bidding.
10. **RECORDATION OF CERTAIN DOCUMENTS:** The Use Agreement, with any riders thereto (if provided herein) will be recorded with the Deed.
11. **ADDITIONAL INFORMATION:** For further information, please contact the Realty Specialist.

SECTION 2 –PREVIOUS PARTICIPATION CERTIFICATION FOR PARTICIPANTS IN HUD MULTIFAMILY PROGRAMS

1. **GENERAL:** All bidders, management agents and other participants as required by HUD must file a Previous Participation Certification (Form HUD-2530) in either electronic or paper format. Bidders must comply with all HUD Previous Participation Certification (Form HUD-2530) requirements as outlined in the Acknowledgment (Attachment B.)
2. **ELECTRONIC FILING:** If filing electronically, use [APPS](#) to submit Previous Participation Certification (Form HUD-2530) on HUD's Secure Systems Internet Site. Prior registration is not mandatory in order to bid at the Foreclosure Sale. However, all potential bidders registering for the first time in Secure Systems and/or APPS should do so at least two (2) weeks prior to the Foreclosure Sale because it takes approximately two (2) weeks after registration to receive the User/Coordinator ID. Instructions for registering for both Secure Systems and APPS are located on the [Active Partners Performance System \(APPS\) web site](#).
3. **PAPER FILING:** If filing in paper format, submit the Form HUD-2530, and an Organizational Chart of the proposed ownership entity to the Realty Specialist.
4. **UPDATES:** If a management agent will be participating in the management of the Project, or if bidder is changing principals, adding principals, changing the name of the purchasing entity, or changing tax identification from information already recorded in APPS or on a paper 2530, **it is the High Bidder's responsibility to ensure that all required participants register and complete the 2530 process within the prescribed time frames.**

- **Failure of any participant to submit a Previous Participation Certification (Form HUD-2530) or other required document(s) within the indicated time frame specified in Section 4 below, may be grounds for rejection of the bid.**
- **The High Bidder's experience, qualifications and capacity to purchase the Project must be approved by HUD in order to purchase the Project. This includes, but is not limited to, 2530 approval.**

SECTION 3 - FORECLOSURE SALE PROCEDURES AND SUBMISSION OF BIDS

1. **GENERAL:** In order to submit a complete, responsive bid to this Invitation, a bidder must submit the items listed in this Section, and the additional items as indicated in Section 4, below.
2. **BIDDING AT THE FORECLOSURE SALE:**
 - a. The Foreclosure Sale is an oral, open bid sale that takes place at the date, time and place indicated on the cover of this Invitation. HUD has designated a Foreclosure Commissioner to conduct the sale of this Project.
 - b. The bidder must either:
 - i. State a bid price orally at the sale, or
 - ii. Submit a written bid to the Foreclosure Commissioner two (2) days before the date of the Foreclosure Sale. Written bids, if received, will be read aloud at the Foreclosure Sale before oral bids are accepted. Only the bidder that submitted the written bid, or an agent thereof, may raise a written bid price. Please contact the Realty Specialist identified in the Property at a Glance for details regarding submitting a written bid.
3. **CORRECTIONS:** Any changes or erasures made to information submitted by a bidder in connection with a written bid may be made by the bidder or their agent only and must be initialed by the bidder or agent.
4. **TELEGRAPHIC OR FACSIMILE BIDS:** Emailed, telegraphic or facsimile bids and/or bid modifications will not be considered.
5. **ITEMS THAT MUST BE SUBMITTED AT THE FORECLOSURE SALE:**
 - a. **Earnest Money Deposit:**
 - i. The Earnest Money Deposit, for the amount specified in the Property at a Glance (Attachment A), must be submitted to the Foreclosure Commissioner prior to presenting an oral or written bid, at the start of the Foreclosure Sale.
 - ii. The Earnest Money Deposit must be in the form of a money order, certified funds, or cashier's check payable to: **THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.** No other method of payment is acceptable.
 - iii. A financial organization submitting a bid on its own behalf must have the Earnest Money Deposit drawn on another financial organization
 - iv. Lack of proper deposit will be cause for rejection of the bid by HUD.
 - v. Immediately following the Foreclosure Sale, the Earnest Money Deposit will be returned to all but the High Bidder.
 - b. **Evidence of bidder eligibility**, if applicable (ex: non-profit organization.) See Attachment I, if provided.
6. **NOTIFICATION TO THE HIGH AND SECOND HIGH BIDDER:** The High Bidder and Second High Bidder will be notified orally of their bidding positions by the Foreclosure Commissioner immediately after the Foreclosure Sale.
7. **ACKNOWLEDGMENT BY BIDDER:** Immediately after the Foreclosure Sale, the High Bidder must submit **ONE** (1) signed copy of the Acknowledgment to the Foreclosure Commissioner.

SECTION 4 - POST FORECLOSURE SALE PROCEDURES

1. **CONTINUANCE OF OFFERS:** All bids shall be deemed to be continuing offers from the time of the Foreclosure Sale until bid-rejection by HUD or until Closing.
2. **POST-BID DOCUMENTS SUBMITTALS:** The High Bidder must submit the following items within the timeframes shown below:
 - a. Two (2) Days After Foreclosure Sale:
 - i. Previous Participation Certification:
 - (a) Paper filing:
 - (i) **Form HUD-2530:** A completed paper Form HUD-2530(s), with original signatures, for the purchasing entity and all principals. Proposed ownership must have established tax identification or social security number; **and**
 - (ii) **Organization Chart:** An organization chart, reflecting all principals of the purchasing entity and each principal's percentage of ownership must accompany the completed paper Form HUD-2530.

- (b) Electronic filing:
 - (i) **Bidders not registered in APPS and Secure Systems:** Submit certification of registration in Secure Systems and APPS.
 - (ii) **Electronic Filers registered in APPS and Secure Systems:** Submit evidence of filing in accordance with Section 2 herein.
 - ii. Certification of Substantial Compliance: A completed and original, Attachment G to this Invitation. If HUD determines that such projects of the High Bidder, are not in substantial compliance with state and local codes, HUD may determine that the High Bidder is not qualified to purchase the Project. The Earnest Money Deposit may be forfeited.
 - b. Five (5) days After Foreclosure Sale: The High Bidder must submit a written Statement of Experience. Instructions for preparing the written Statement of Experience are provided in the Acknowledgment.
 - c. Ten (10) days After Foreclosure Sale: The High Bidder must submit the documents checked below:
 - ☒ Form HUD-2530 for Purchaser, if different from High Bidder
 - ☒ Form HUD-2530 for the Management Agent, if applicable
 - ☒ Personal Financial and Credit Statement (Form HUD 92417), for each proposed
 - ☒ Management Entity Profile (Form HUD-9832)
 - ☒ Project Owner's Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839A),

OR

 - ☒ Project Owner's/Management Agent's Certification for Multifamily Housing Projects for Identity-of-Interest or Independent Management Agents (Form HUD-9839B)

(Only one of these forms A or B will be required for management certification.)
 - d. Ten (10) days After Foreclosure Sale: Electronic filing of the Form HUD-2530 for the management agent or the High Bidder's ownership entity must be completed and a signed copy provided to the Realty Specialist.
- FAILURE TO SUBMIT THE REQUIRED DOCUMENTS WITHIN THE INDICATED TIME FRAME MAY BE GROUNDS FOR REJECTION OF THE BID. HUD RESERVES THE RIGHT TO REJECT THE BID AND RETAIN THE BIDDER'S EARNEST MONEY DEPOSIT.**

3. QUALIFICATION, ACCEPTANCE, REJECTION OF BID:

- a. **Required Bidder Qualifications to Purchase Project**
 - i. It is the objective of the Department's multifamily foreclosure process to transform troubled and distressed multifamily properties into viable, long-term affordable rental housing resources. To accomplish this objective, the Department will only award a HUD-foreclosed property to a High Bidder that has the financial capacity and demonstrated experience (approximately five (5) years) of successfully owning, managing and transforming distressed and troubled multifamily properties as viable, low-income housing resources.
 - ii. The Department has the discretion to evaluate, starting with the High Bidder and proceeding in descending order, if necessary, the bidder's experience, qualifications and capacity to purchase the Project based on a review of the documentation described below, information independently obtained and verified by HUD, and the Post-Bid Document Submittals required herein. The documentation must demonstrate that the bidder owns (or has owned) and is successfully managing and operating (or has successfully managed and operated) properties of similar size and characteristics (including problematic complexities) as the Project being sold. The documentation will be used by HUD to determine whether the bidder has the financial capacity and demonstrated experience to acquire and successfully transform the Project into a long-term, viable rental housing resource.
 - iii. HUD may, in its sole discretion, accept or reject any bid submitted for the purchase of the Project. The review and approval of the Previous Participation Certification (Form HUD-2530) is a requirement for the purchase of the Project. However, Previous Participation Certification approval is only one aspect of HUD approval of the bidder's qualifications.
 - iv. Based on HUD's review of the documentation submitted, as well as any additional information independently obtained and verified by the Department, HUD will determine whether the bidder has the requisite experience, qualifications and financial capacity to purchase the Project. This determination is within HUD's sole and absolute discretion. If HUD determines that the bidder does not have the experience, qualifications and/or financial capacity to purchase the Project, HUD will reject the bid and proceed to the next highest bidder pursuant to the terms of the Invitation.
 - v. In the event that HUD rejects a bid, HUD will return the bidder's earnest money deposit, provided the bidder has not failed to meet time limits required to submit documentation, or made any misrepresentation or material omission(s) in the bidder's submission of documentation. If the bidder fails to properly submit all required documentation within the required time limit or HUD determines that the bidder misrepresented his or her experience, qualifications, or financial capacity, the Earnest Money Deposit will be forfeited and retained as liquidated damages. HUD may seek any and all additional remedies.
 - vi. HUD may require the High Bidder to obtain the services of a qualified multifamily project management firm. Management acceptable to HUD (see paragraph 5 below) must be approved prior to Closing.

- b. **Bidder Approval:**
 - i. If HUD determines that the High Bidder is qualified, the High Bidder will be confirmed as and identified as the Purchaser;
 - ii. If the high bid is rejected due to HUD's determination that the High Bidder is not qualified to purchase the Project, HUD will notify the High Bidder in writing;
 - iii. If HUD rejects the High Bidder, HUD may in its sole discretion elect to contact the Second High Bidder, and/or succeeding bidders as bidders withdraw or do not qualify, to purchase the Project. If contacted by HUD, the Second High bidder or succeeding bidder will be offered the opportunity to purchase the Project and will be given twenty-four (24) hours to submit the earnest money deposit and execute the Acknowledgment, and thereby will be deemed as the High Bidder. HUD will review the bidder's Post-Bid Document Submittals, which must be submitted within the same timeframes detailed in Section 4 of this Invitation beginning from the date the Acknowledgment is executed, in order to determine if the bidder is qualified to purchase the Project;
 - iv. HUD's notification of rejection due to lack of qualifications, if applicable, shall be deemed to be given when mailed to the individual that executed the Acknowledgment; and
 - v. The written rejection of the bid will be made as promptly as possible and generally within thirty (30) days after the date of the Foreclosure Sale.
4. **EARNEST MONEY DEPOSIT:** All bidders must submit the Earnest Money Deposit to the Foreclosure Commissioner at the start of the Foreclosure Sale. Immediately following the Foreclosure Sale the Earnest Money Deposit will be returned to all but the High Bidder. Interest will not be paid on Earnest Money Deposits.
 - a. If HUD determines that the High Bidder is qualified to own and manage the Project, its bid is acceptable and the High Bidder complies with the requirements of this Invitation, the Earnest Money Deposit will be credited against the bid price at Closing.
 - b. If the bid amount is unacceptable, the bidder's Earnest Money Deposit will be refunded.
 - c. If, during the review of the High Bidder, it is found that the High Bidder has made any misrepresentation or material omission(s) in the bidder's submission of documentation, the Earnest Money Deposit will be forfeited.
 - d. If the High Bidder is determined not to be qualified to purchase the Project **and** the High Bidder has complied with the requirements of this Invitation the Earnest Money Deposit will be refunded.
 - e. If the High Bidder has failed to comply with the provisions outlined in this Invitation, the Earnest Money Deposit will be forfeited.
5. **REVIEW OF PROJECT MANAGEMENT:** HUD will review the statements and Post-Bid Document Submittals to determine, in its sole discretion, if the proposed management entity has the necessary qualifications to operate, manage, and/or administer the type and nature of the project being offered for sale. HUD may elect to discuss Project management plans after submission of the Post-Bid Document Submittals by the High Bidder. HUD reserves the right to reject the bid of any bidder and retain the Earnest Money Deposit, if the High Bidder does not provide management acceptable to HUD.
6. **CLOSING DATE REQUIREMENT:** The date and place for Closing will be determined by HUD and the Foreclosure Commissioner and occur within the time period specified in the Acknowledgment, (Attachment B).
7. **EXTENSION OF CLOSING:** The right to extend the Closing is expressly reserved by HUD as set forth in the Acknowledgment (Attachment B).

SECTION 5 – CLOSING

1. **EXECUTION OF USE AGREEMENT:** The Purchaser and HUD will execute the Use Agreement at Closing. HUD will have the Deed, Use Agreement and all attachments recorded.
2. **CASH DUE AT CLOSING:** Cash due at Closing is the bid price less the Earnest Money Deposit received, plus any outstanding encumbrance amount that survived foreclosure and/or any pro-rations (see Paragraph 3 below.) All initial deposits to escrows and/or reserve accounts, if applicable, must be made at Closing.
3. **PRORATIONS:**
 - a. Purchaser is responsible for paying all taxes, assessments, liens, and utility bills including but not limited to, water, sewer, gas and electric, and any other encumbrances not extinguished by the foreclosure. These amounts will not be prorated.
 - b. If Extension Fees were paid, and the Closing occurs prior to the expiration of an Extension Period, the prorated amount of the Extension Fees for the unused portion of the Extension Period will be credited toward the amount due from Purchaser at Closing.
4. **CLOSING EXPENSES:** Irrespective of local custom, the Purchaser shall pay all Closing expenses, including, but not limited to, all documentary stamp taxes, and any costs in connection with a review of title or title insurance. The fees for the recordation of the HUD Deed and Use Agreement will be paid by HUD.

5. **METHOD OF PAYMENT:** Cash Due at Closing shall be paid in the form of a money order, certified funds, or cashier's check made payable to:

THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.

6. **CONVEYANCE:** Conveyance of the Project shall be by Foreclosure Commissioners Deed ("Deed"). The Deed will not contain any warranties of title.
7. **RECORDATION OF DEED:** HUD shall record the Deed and the Use Agreement.
8. **DOCUMENTS TO BE FURNISHED OR EXECUTED AT CLOSING:**
☒ **Foreclosure Sale Use Agreement** ☒ **Closing Statement**

SECTION 6 - DISCLAIMERS

1. **DISCLAIMER:**
- a. This is an "all-cash", "as-is" sale. As stated in paragraph 6 of Section 1 bidders interested in purchasing this Project are expected to perform due diligence to arrive at conclusions as to physical condition, number and occupancy of revenue producing units, estimates of operating costs, repair costs (where applicable), and any other factors bearing upon valuation of the Project. **Any bid submitted shall be deemed to have been made with full knowledge of all the terms, conditions and requirements contained in this Invitation and in any Addendum hereof.**
- b. While care has been exercised to assure accuracy, all information provided is solely for potential purchasers to determine whether or not the Project is of such type and general character as might interest them in its purchase. **HUD makes no warranty as to the accuracy of such information.** The failure of any bidder to inspect, or be fully informed as to the condition or value of the Project, or conditions of sale, will not constitute ground for any claim, demand, adjustment or withdrawal of a bid.
2. **UNAUTHORIZED ORAL STATEMENT OR MODIFICATIONS:** Any oral statement or representation by any representative of HUD changing or supplementing this Invitation, or any condition hereof, is unauthorized and shall confer no right upon the bidder (Purchaser).
3. **HUD LIABILITY:** HUD's liability shall not exceed the amount of such portion of the bid price that has been paid to HUD.

ATTACHMENTS

- ☒ **ATTACHMENT A:** Property at a Glance
- ☒ **ATTACHMENT B:** Terms and Requirements of Foreclosure Sale – Acknowledgment by Bidder
- ☒ **ATTACHMENT C:** Foreclosure Sale Use Agreement
- ☐ **ATTACHMENT D:** Reserved
- ☐ **ATTACHMENT E:** Reserved
- ☐ **ATTACHMENT F:** Reserved
- ☒ **ATTACHMENT G:** Certification of Substantial Compliance
- ☒ **ATTACHMENT H:** Protecting Tenants at Foreclosure Act
- ☐ **ATTACHMENT I:** Reserved
- ☐ **ATTACHMENT J:** Reserved
- ☒ **ATTACHMENT K:** 24 CFR PART 5, Physical Condition Standards
- ☒ **ATTACHMENT L:** Post-Closing Repair Report
- ☒ **ATTACHMENT M:** Lease Agreement

THESE FORMS ARE AVAILABLE AT

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/forms

OR USE THE URL PROVIDED BELOW TO OBTAIN THE FORM

<input checked="" type="checkbox"/>	Previous Participation Certification (Form HUD-2530) http://portal.hud.gov/hudportal/documents/huddoc?id=2530.pdf
<input checked="" type="checkbox"/>	Personal Financial and Credit Statement (Form HUD-92417) for each proposed principal and/or partner http://portal.hud.gov/hudportal/documents/huddoc?id=92417.pdf
<input checked="" type="checkbox"/>	Management Entity Profile (Form HUD-9832) http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_35584.pdf
OR <input checked="" type="checkbox"/>	Project Owners Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839 A) http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_35589.pdf
	Project Owner's/Management Agent's Certification for Multifamily Housing Projects for Identity of Interest or Independents Management Agents (Form HUD-9839 B) http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_9839-b.pdf

(Only one of these forms, 9839 A or B will be required for management certification.)

FAILURE TO SUBMIT THE REQUIRED DOCUMENTS WITHIN THE INDICATED TIME FRAME SHALL BE GROUNDS FOR REJECTION OF THE BID. HUD RESERVES THE RIGHT TO REJECT THE BID AND RETAIN THE BIDDER'S EARNEST MONEY DEPOSIT.

USE RESTRICTIONS

**Must remain rental housing for 2 years or until repairs are complete, whichever is longer.
Two-year rent protection for eligible residents.**

TERMS OF SALE

- This is an "All-Cash" – "As-Is" sale. HUD is not providing financing for this sale. Payment of the full bid price must be presented at Closing.
- No consideration will be given to a bid submitted by any party currently suspended or debarred from participating in HUD programs. As provided for in 24 C.F.R. Part 27, the defaulting mortgagor, or any principal, successor, affiliate, or assignee on the mortgage at the time of default shall not be eligible to bid on or otherwise purchase this Project. ("principal" and "affiliate" are defined at [24 C.F.R. § 200.215](#).)
- Bids for this Project will only be considered for acceptance if properly submitted by following the bidding instructions which includes but is not limited to submitting the Earnest Money Deposit, forms and statements as required in the Invitation. High Bidder will be reviewed to determine if qualified to purchase, own and manage the Project
- The High Bidder must certify to HUD that any/all projects that are owned by the bidder or its affiliates and are located in the same jurisdiction (City or Town) where the Project is located are in substantial compliance with applicable state and local housing statutes, regulations, ordinances and codes. See Attachment G, Certification of Substantial Compliance.
- High Bidder has the option to file the required Previous Participation Certification (Form HUD-2530) in electronic or paper format. **For questions concerning APPS contact the Multifamily Housing Systems Help Desk at 1-800-767-7588. For questions concerning Secure Systems contact the REAC Help Desk at 1-888-245-4860.**
- HUD is requiring the Property be repaired to meet state and local codes. Refer to the Use Agreement, Riders 2, Required Rehabilitation and 5, Environmental Hazards, for more information.
- Closing is to be held thirty (30) calendar days after HUD notifies the High Bidder that they are qualified to purchase the Project being offered.
- If HUD approves an extension of the Closing, the Purchaser must pay a fee which is the greater of 1.5% of the bid price or HUD's holding costs of \$10.68 per unit per calendar day for each thirty (30) calendar day period.
- The Use Agreement will include the following Riders: Enforcement, Required Rehabilitation, Nondiscrimination Against Section 8 Certificate Holders and Voucher Holders, Two-Year Rent Protection for Pre-Existing Very Low Income Tenants, and Environmental Hazards.

PROSPECTIVE BIDDERS SHOULD READ AND THOROUGHLY UNDERSTAND ALL INFORMATION PROVIDED HEREIN AND IN THE BID KIT PRIOR TO SUBMITTING A BID.

INFORMATION AND BID KIT

INFORMATION and BID KIT may be viewed or printed at

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/pd/mfplist.

You may also sign up for our electronic mailing list at

<http://www.hud.gov/subscribe/signup.cfm?listname=Multifamily%20Property%20Disposition&list=mfpd-l>. If you do not have access to the internet or cannot download a PDF file, you may contact the Realty Specialist identified below to obtain a copy of the bid kit.

Bids for Cupluaq House Apartments:

MUST BE PRESENTED ON: August 15, 2013

At: 10:00 am (local time)

Location of Foreclosure Sale:

U.S. Post Office

(Main Lobby)

113 Front Street

Nome, Alaska 99762

HUD Office and Contact Information for submission of documents:

Fort Worth HUD Office

Multifamily Property Disposition Center, 6AHMLAT

801 Cherry Street, Unit #45, Ste. 2500

Fort Worth, TX 76102

Realty Specialist: Joseph P. Cochran

Phone: (817) 978-5557

Fax: (817) 978-6018

Email: joseph.p.cochran@hud.gov

INSPECTION OF PROJECT

HUD does not own or operate this facility and cannot grant access for viewing. Viewing is at the discretion of the current owner. No Open House has been scheduled for this sale.

ATTACHMENT B

TERMS AND REQUIREMENTS OF FORECLOSURE SALE - ACKNOWLEDGMENT BY BIDDER

PART I

BID PRICE - The Undersigned, _____, (the "High Bidder") submits a bid of _____ dollars (\$) at the Foreclosure Sale of Cupluaq House (the "Project"), the legal description of which is included as Exhibit A, to be paid as follows:

1. EARNEST MONEY: \$ 10,000 in the form of a money order, certified funds, or cashier's check, as the Earnest Money Deposit, which has been submitted at the Foreclosure Sale to the Foreclosure Commissioner, and which shall not earn interest, **and**
2. BALANCE OF THE BID PRICE: \$ _____, to be paid by the High Bidder at Closing, in the form of a money order, certified funds, or cashier's check in accordance with the Acknowledgment. The Closing will be held at a place, date and time established in accordance with Part II, paragraph 4 below.
3. CLOSING COSTS, DEPOSITS, REPAIR ESCROW: In addition to the above, the High Bidder will be required to pay at Closing all Closing costs, regardless of local custom, and, where applicable, deposits to reserve accounts, and/or Letters of Credit as described in Riders incorporated herein, the Invitation, the Use Agreement.
4. PRORATIONS:
 - a. High Bidder is responsible for paying all taxes, assessments, liens, and utility bills including, but not limited to, water/sewer, gas and electric, and any other encumbrances not extinguished by the foreclosure. These amounts will not be prorated.
 - b. If Extension Fees were paid, and the Closing occurs prior to the expiration of the Extension Period, the prorated amount of the Extension Fees for the unused portion of the Extension Period shall be credited against the amount owed by the High Bidder at Closing.

PART II

The High Bidder, by executing this document, acknowledges the following requirements as conditions of purchasing the Project:

1. ACKNOWLEDGMENT OF TERMS: High Bidder affirms to have full knowledge of all the terms, conditions and requirements contained in herein, including the Use Agreement and Invitation, which are incorporated by reference in this Acknowledgment.
2. EXECUTION OF USE AGREEMENT: Without limiting the foregoing, at Closing High Bidder will, in addition to any other related documents, execute the Use Agreement and all of the Exhibits to the Use Agreement as contained in the Invitation. Such documents will control the use of the Project for a specified period, be recorded with the Deed, and run with the land.
3. SUBMISSION OF POST-BID DOCUMENTS BY HIGH BIDDER:
 - a. Two (2) Days After Foreclosure Sale:
 - i. Previous Participation Certification:
 - (a) Paper Filers:
 - (i) Form HUD-2530: The completed paper Form HUD-2530(s), with original signatures, for the purchasing entity and all principals. Proposed ownership must have established tax identification or social security number; an entity "to be formed" will not be accepted, and
 - (ii) Organization Chart: an organization chart, reflecting all principals of the purchasing entity and each principal's percentage or ownership must accompany the completed Form HUD-2530.
 - (b) Electronic Filers:
 - (i) Bidders not registered in APPS and Secure Systems: Submit certification, evidence of registration in APPS and Secure Systems.
 - (ii) Electronic Filers registered in APPS and Secure Systems: Submit evidence of filing.
 - ii. Certification of Substantial Compliance: Complete, original certification (Attachment G). The High Bidder must certify to HUD that any/all projects that are owned by the High Bidder or its affiliates and are located in the same jurisdiction (city or town) where the Project is located are in substantial compliance with applicable state and local housing statutes, regulations, ordinances and codes.

NOTE: If HUD determines that such projects of the High Bidder are not in substantial compliance with state and local codes, HUD may refuse to sell the Project to the High Bidder and retain its Earnest Money Deposit.
 - b. Within Five (5) Days of the Foreclosure Sale: The High Bidder must submit a written Statement of Experience demonstrating approximately five (5) years of experience in successfully owning and managing properties similar to the Project. The written Statement of Experience shall provide the following information for all properties similar to the Project being sold, not to exceed three (3) specific examples. The written Statement of Experience should not exceed five (5) pages per property:
 - The location of other owned multifamily properties.
 - The number of units and construction type (garden, walk-up, hi-rise) for each property.
 - Identify type of management.

- Identify properties that have government assistance and type of assistance, i.e., project-based assistance, tenant-based voucher assistance, etc.
- Identify the initial physical needs of each property and how they were addressed.
- Identify the social needs of each property and how they were addressed.
- Identify the economic needs of each property and how they were addressed.

For the Project being sold, describe how you will:

- Satisfy conditions of the sale, i.e., repair program, income and rent limitations, etc.
- Implement a sound financial and physical management program for the Project.
- Respond to the needs of the tenants and work cooperatively with resident organizations.
- Provide adequate organizational staff and financial resources to the Project.
- Provide services, maintenance and utilities to the Project.
- In addition, disclose whether other government assistance will be utilized; HUD is not providing project-based or tenant-based Section 8 rental assistance with this foreclosure sale.

Based on the required documentation set forth above, as well as any additional information independently obtained and verified by the Department, HUD will determine whether the High Bidder has the requisite experience, qualifications and financial capacity to purchase the Project. This determination is a matter within HUD's sole and absolute discretion. If HUD determines that the High Bidder does not have the experience, qualifications and/or financial capacity to purchase the Project, HUD will reject the bid and proceed to the next highest bidder pursuant to the terms of the Invitation to Bid.

- c. Within Ten (10) Days of Foreclosure Sale: The High Bidder must, if checked below, submit the additional post-bid documents:
- ☒ Form HUD-2530 for Purchaser, if different from High Bidder (See paragraph 3 above)
 - ☒ Form HUD-2530 for the Management Agent, if applicable (See paragraph 3 above)
 - ☒ Personal Financial and Credit Statement (Form HUD-92417), for each proposed principal/general partner
 - ☒ Management Entity Profile (Form HUD-9832)
 - ☒ Project Owner's Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839A)
- OR**
- ☒ Project Owner's/Management Agent's Certification for Multifamily Housing Projects for Identity-of-Interest or Independent Management Agents (Form HUD-9839B)
- (Only one of the forms 9839 A or B will be required for management certification)**
- d. Within Ten (10) Days of Foreclosure Sale: If the management agent or the High Bidder's ownership entity registered Form HUD-2530 electronically (e2530), the High Bidder and/or management agent must subsequently electronically file the e2530 after registration has been completed.

NOTICE: It is the High Bidder's responsibility to ensure compliance with form and document submission as required in this Invitation to Bid and the Acknowledgment by Bidder. Failure to submit or comply with any requirements of the Invitation or Acknowledgement may result in High Bidder being declared ineligible to purchase the Project. In such case the Bidder shall forfeit the Earnest Money Deposit and any Extension Fees paid.

All forms and instruments referred to in this Acknowledgment are standard HUD forms and instruments prepared by HUD, used by HUD in the jurisdiction in which the Project is located and contain any additional covenants and conditions required by the Invitation.

4. ESTABLISHMENT OF CLOSING DATE, TIME AND PLACE:

- Time is of the essence.
- If HUD approves the High Bidder as being qualified, the High Bidder will be confirmed, identified as the Purchaser and notified in writing of the approval. Approval to purchase is subject to review and approval of bidder's Post Bid Document Submittals as required in Section 4 (Post Foreclosure Sales Procedures) of the Invitation, and in Acknowledgment, specifically Part II, paragraph 3. The Closing **shall be within thirty (30) calendar days of such notification**, unless extended pursuant to paragraph 9 below.
- The Closing date and place will be determined by the Foreclosure Commissioner and/or HUD and will take place within the time period specified above in paragraph 4.b. The Purchaser will be notified of said date and place by HUD and the Foreclosure Commissioner.

5. CLOSING, CLOSING EXPENSES AND TRANSFER OF POSSESSION:

- The sale shall be effective upon Closing.
- Purchaser shall pay all Closing costs and expenses, excluding fees for recording the Deed and Use Agreement, irrespective of local custom. Recording fees for the HUD Deed and Use Agreement shall be paid by HUD.
- Transfer of title and possession of the Project shall become effective as of the Closing date.

6. PAYMENT OF BID PRICE AT CLOSING: The Purchaser shall pay the balance of the bid price at Closing and, where applicable, make the deposits to escrows and reserve accounts, in the form of a money order, certified funds or cashier's check made payable to:

THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

7. LIQUIDATED DAMAGES: Should the High Bidder/Purchaser fail or refuse to perform all obligations hereunder for any reason including, but not limited to, failure to establish the legal entity that is to take title in a timely manner that permits Closing within the deadline set forth in paragraph 4, the Earnest Money Deposit and any Extension Fees, paid under paragraph 9, HUD reserves the right to retain the Earnest Money Deposit.
8. EXTENSION FEES: The granting of extensions of time to close the sale is within the sole and absolute discretion of HUD. Any extension, if granted, will be on the following conditions:
 - a. A written request, which clearly states the reason for the Purchaser's inability to close the sale on or before the prescribed Closing date, or any Extension Period, must be received within ten (10) days prior to the prescribed Closing date, or within any Extension Period. The request **must be accompanied by the payment** of the required Extension Fee and sent to the following address:
 Fort Worth Multifamily PD Center
 Attn: Scott R. Bearden, Director
 801 Cherry Street, Unit #45, Ste. 2500
 Fort Worth, TX 76102
 - b. Extensions shall be for thirty (30) calendar days.
 - c. For each thirty (30) calendar day period requested by Purchaser and approved by HUD, Extension Fees shall be equal to;
 - i. \$ 10.68, per unit, per calendar day, which is \$ 53.40 daily, a cost of \$ 1,602, which covers the 30-calendar day period (the holding cost for such period), **or**
 - ii. one and one-half percent (1.5%) of the bid price, whichever is greater.
 - d. The Extension Fees are not credited against the amount due from Purchaser at Closing. However, if the Closing is held prior to the expiration of an Extension Period, the prorated amount of the Extension Fee, for the unused portion of the Extension Period, shall be credited toward the amount due from the Purchaser at Closing.
 - e. The granting of one or more extensions shall not obligate HUD to grant additional extensions.
 - f. If any form or instrument required by HUD is not submitted within sufficient and reasonable time for HUD's review or processing and such delay necessitates an extension of the Closing deadline, an Extension Fee must be paid for this period.
 - g. Extension fees must be submitted by money order, certified funds or cashier's check made payable to:
THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
9. BIDDER RESTRICTIONS:
 - a. No Member of/or Delegate to Congress, resident commissioner, or local elected official, shall be admitted to any share or part of this Foreclosure Sale ("Sale"), or to any benefit arising from it. However, this provision does not apply to this Sale to the extent that this Sale is made with a corporation for the corporation's general benefit.
 - b. If bidder is, or becomes suspended, debarred, or temporarily denied from participating in HUD programs prior to Closing, this Sale shall be terminated. In addition, if such suspension, debarment or temporary denial of participation occurs either before or after bidder's execution of this Acknowledgment, any Extension Fees paid under paragraph 9 shall be retained by HUD as liquidated damages.
 - c. Pursuant to 24 C.F.R. Part 27.20(f), the defaulting mortgagor, or any principal, successor, affiliate, or assignee thereof, on the multifamily mortgage being foreclosed, shall not be eligible to bid on, or otherwise acquire, the Project being foreclosed by the Department under this subpart or any other provision of law. A "principal" and an "affiliate" are defined as provided at 24 C.F.R. § 200.215.
10. AS-IS SALE; NO REPRESENTATIONS:
 - a. Purchaser shall accept the Project "as is." HUD makes no representations or warranties concerning the physical condition of the Project. In addition, HUD does not represent or warrant the number and occupancy of revenue producing units, or any factor bearing upon the value of the Project or otherwise.
 - b. High Bidder acknowledges that the bid price set forth in this Acknowledgment is based on its own evaluation of the Project and not upon any representations by HUD. High Bidder's failure to inspect, or to be fully informed as to any factor bearing upon the valuation of the Project, shall not affect the liabilities, obligations or duties of HUD, nor be a basis for termination of this Foreclosure Sale or for the return of any Earnest Money Deposit or Extension Fees paid to HUD.
11. RISK OF LOSS AND RIGHTS OF RESCISSION: In the event of any substantial damage to the Project prior to Closing by any cause including, but not limited to, fire, flood, earthquake, tornado and significant vandalism other than willful acts or neglect, HUD, in its sole discretion, may negotiate with the High Bidder for a reduction in the bid price corresponding to the estimated amount of damages. *Such amount shall be added to a Form HUD-9552, Post Closing Repair Requirements and included in the Use Agreement.* If a bid price reduction cannot be negotiated or if the High Bidder and HUD are unable to agree on the amount by which the bid price should be reduced or on the amendment to the Repair requirements, High Bidder may withdraw the bid. In such case, the Earnest Money Deposit and any Extension Fees paid will be returned, *unless* there is cause to retain the Earnest Money Deposit based on breach of the Invitation and/or Acknowledgment.

12. SECURITY DEPOSITS: Notwithstanding state or local law, the High Bidder will receive only those security deposits which are on hand at the Project and made available to HUD on the date of Closing. The High Bidder will assume all liability under state and local law with respect to security deposits.
13. LIMITATION OF LIABILITY: In no event shall HUD's liability exceed the portion of the bid price that has been paid to HUD.
14. ANTI-COLLUSION CERTIFICATION:
- a. The High Bidder certifies:
- i. The bid price in this offer was arrived at independently, without (for the purposes of restricting competition) any consultation, communication, or agreement with any other bidder relating to:
- (a) the bid price;
- (b) the intention to submit a bid price; or
- (c) the methods or factors used in calculating the bid price offered.
- ii. The bid price in this offer has not been and will not be knowingly disclosed by the bidder, directly or indirectly, to any other bidder or competitor before or during the actual time of the bid event, unless otherwise required by law; **and**
- iii. No attempt has been made or will be made by the bidder to induce any other bidder to submit or not to submit a bid price for the purpose of restricting competition.
- b. If the bid procedure requires or permits written bids, each signature on the offer is considered to be certification by the signatory that the signatory:
- i. Is the person in the High Bidder's organization responsible for determining the bid price being offered in this bid and that the signatory has not participated and will not participate in any action contrary to paragraph a. above; **or**
- ii. Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated, and will not participate in any action contrary to paragraph a., above;
- Name: _____
- Title: _____
- Organization responsible for determining price _____
- (a) As an authorized agent, does certify that the principals named in the above have not participated, and will not participate, in any action contrary to paragraph a. above; **and**
- (b) As agent, has not personally participated, and will not participate, in any action contrary to paragraph a. above.
15. FAILURE TO COMPLY: Upon the failure or refusal of the High Bidder to comply with any of the requirements listed above or elsewhere in this Invitation, HUD may declare the High Bidder ineligible to purchase the Project. In which case the High Bidder shall forfeit the Earnest Money Deposit and any Extension Fees paid.
- HUD reserves the right to review, approve or reject the proposed management.** If HUD determines that the High Bidder is not qualified to self-manage the Project, HUD, in its sole discretion, may either reject the bid or require the High Bidder to obtain the services of a property management firm satisfactory to HUD. If HUD chooses the latter, the High Bidder must provide HUD with evidence that a qualified property management firm has been retained prior to Closing. HUD must approve form and type of management prior to Closing and throughout the term of the Use Agreement. If the High Bidder does not meet this obligation, HUD reserves the right to reject the bid and retain the High Bidder's Earnest Money Deposit and any Extension Fees paid.
16. SEVERABILITY: If for any reason one or more of the provisions contained in the Invitation, including this Acknowledgment, the Use Agreement, or any other attachments or exhibits thereto, shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision(s) of the Invitation, but the Invitation shall be construed as if such invalid, illegal or unenforceable provision(s) had never been included therein.
17. ASSIGNMENT: The High Bidder may not assign its rights and responsibilities under this Acknowledgment without the prior written approval of HUD.
18. CONFLICTING TERMS: In the event that there are terms or conditions herein that conflict with terms or conditions contained in the Invitation incorporated herein by reference, the terms or conditions of this Acknowledgment shall control.

19. REQUIRED STATEMENTS AND FORMS: The High Bidder acknowledges the receipt of the Use Agreement applicable to this Project's Foreclosure Sale and the inclusion of the following Riders to that Use Agreement:

- Enforcement
- Required Rehabilitation
- Two-Year Rent Protection for Pre-Existing Very Low Income Tenants
- Nondiscrimination Against Section 8 Certificate Holders and Voucher Holders
- Environmental Hazards

20. EXECUTION

- By signature below, High Bidder indicates acknowledgment of and agreement to the terms and requirements of this Foreclosure Sale.
- In the case of a bid submitted by an agent or representative of the High Bidder, the signatory attests to be duly authorized to submit the bid on behalf of the High Bidder and to execute this Acknowledgment.

WARNING: It is a crime to knowingly make false statements to the United States in this document or any other document related to this sale. Penalties upon conviction can include a fine or imprisonment. For details see: Title 18 U.S. Code, Section 1001 and Section 1010.

Executed by the Bidder on the _____ day of _____, 20____.

Witness:_____

By:_____

Typed Name:_____

Typed Name:_____

Address:_____

City, ST Zip:_____

Phone No. with Area Code:(____)____ - _____

ATTACHMENT C
FORECLOSURE SALE USE AGREEMENT

This Agreement is entered into by _____ ("Grantee") and the Secretary of Housing and Urban Development ("Secretary" or "HUD").

WHEREAS, pursuant to the provisions of the Multifamily Mortgage Foreclosure Act, 12 U.S.C. Sections 3701 et seq. (the "Act"), and the Department of Housing and Urban Development's regulations thereunder at 24 C.F.R. Part 27, the Secretary has elected to exercise the nonjudicial power of sale provided under the Act, or pursuant to a judicial foreclosure the Secretary has elected to apply Section 367(b) of the Act, with respect to Cupluag House, HUD Project No. 176-EE012, (the "Project") a legal description of which is attached as Exhibit "A"; **and**

WHEREAS, pursuant to the Act and to provisions of 12 U.S.C. Section 1715z-11a, the Secretary has authority to impose certain use restrictions, as set forth in this Agreement, on the Project subject to a mortgage held by the Secretary that is sold at foreclosure to a purchaser other than HUD; **and**

WHEREAS, by Deed executed this ___ day of _____, 20____, by _____, the Project has been conveyed to the Grantee; **and**

NOW THEREFORE, in consideration of the mutual promises set forth herein and in further consideration of the sale of the Project to the Grantee, the parties agree as follows:

1. **TERM OF AGREEMENT:** The term of this Agreement ("Restricted Period") shall be in effect for the longer of:
 - a. two (2) years from the date of this Agreement; or
 - b. until the requirements in Rider 2, Required Rehabilitation, and Rider 5, Environmental Hazards, have been completed and approved by HUD.
2. **CONVEYANCE:** During the term of this Agreement, any Conveyance of the Project must have the prior written approval of HUD, or such Conveyance will be deemed to be null and void, and a default will exist under this Agreement. Conveyance is defined as any sale, assignment, transfer, creation of a leasehold estate in excess of one (1) year, or any other legal or equitable conveyance or transfer of the Project or an interest therein, or any legal or equitable transfer of an interest in the Grantee or any entities that may comprise the Grantee. Without limiting the foregoing and not intending to be all inclusive, a merger, conversion, share exchange, or exchange of corporate or partnership interests is deemed to be a Conveyance, which requires the prior written approval from HUD.

The preceding provisions shall be applicable and in full force and effect notwithstanding that any applicable statutory law or case decision provides that any such merger or conversion or share (or interest) exchange, or leasehold estate transaction or other type of Conveyance does not constitute or involve the occurrence of a "transfer" or "assignment" of the Project, any of the assets related thereto, or an interest in the Grantee

Any request for HUD's approval of Conveyance must include the entity and all principals obtaining Previous Participation Certification approval (clearance), submission of a signed Certification of Substantial Compliance, and a signed Agreement to Abide by Deed Restrictions. HUD's approval of a Conveyance will be based on information provided in written statements of how the Grantee, or any subsequent Grantee, in consideration of any and all existing use restrictions, will:

- a. Implement and/or continue to comply with all existing use restrictions;
- b. implement sound financial and physical management program;
- c. respond to the needs of the residents and work cooperatively with resident organizations;
- d. provide adequate organizational staff and resources to manage the Project; and
- e. provide evidence of a minimum of five (5) years' substantive experience owning and managing multifamily rental properties of a similar size, type and complexity as the Project.

The approval of a Conveyance is within the sole discretion of HUD.

3. **CONDITION OF UNITS FOR RENTAL HOUSING:** The Grantee shall comply with the Physical Condition Standards and inspection requirements of 24 CFR Part 5, Subpart G, including any changes in the regulation and related Directives. In addition, the Grantee shall comply with HUD's Physical Condition Standards of Multifamily Property of 24 CFR Part 200, Subpart P, including any changes in the regulation and related Directives.
4. **RENTAL RATES:** The vacant units in the Project are market rate units and not restricted by income or rents. Any unit occupied at Closing will be subject to Rider 3, Two-Year Rent Protection for Pre-Existing

Very Low-Income Tenants. Any unit occupied Closing will become a market rate unit after the tenant is no longer occupying the property.

5. **PROJECT MANAGEMENT:** HUD reserves the right to approve management for the Project during the term of this Agreement. Any proposed property manager must demonstrate a minimum of five (5) years substantive experience managing multifamily properties of similar size and complexity

Any change in management of the Project must have HUD's prior written approval. Any request for HUD's approval of the proposed Grantee's/owner's management of the Project must include the entity and all principals obtaining Previous Participation Certification approval (clearance) and the proposed management agent for the Project must submit for HUD's review and approval the following documents/forms:

- Management Entity Profile (Form HUD-9832),
- Project Owner's Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839A) **or**
- Project Owner's/Management Agents Certification for Multifamily Housing Projects for Identity-of-Interest (Form HUD-9839B),
(Only one of the forms 9839 A or B will be required for management certification.)

6. **SUBJECT TO EXAMINATION:** The Project shall at all times,
- a. Be maintained in decent, safe and sanitary condition and in good repair to the greatest extent possible,
 - b. Maintain full occupancy to the greatest extent possible,
 - c. Be maintained as rental housing for the term of this Agreement,
 - d. Be subjected to periodic HUD inspections or inspections under REAC protocol (24 C.F.R. parts 5 and 200).

The Owner will be obligated to provide audited annual financial statements to HUD (24 C.F.R. parts 5 and 200.)

At the request of the Secretary, Grantee must supply evidence by means of occupancy reports, physical condition reports, reports on operations, or any evidence as requested to ensure that the above requirements are being met.

7. **UNIT NUMBER OR USE CHANGE:** Changes to the use, number, size, or configuration of residential units in the Project; e.g., apartment units, beds in a care facility, from the use as of the date of this Agreement, must receive the written prior approval of HUD.
8. **NON-DISCRIMINATION REQUIREMENTS:** The Grantee will comply with the provisions of all federal, state, or local laws prohibiting discrimination in housing.
9. **HAZARD INSURANCE:** Hazard insurance shall be maintained in an amount to ensure that the Grantee is able to restore the Project so that it meets the rental housing requirements described in this Agreement after restoration.
10. **DESTRUCTION OF PROJECT:** In the event that any, or all, of the Project is destroyed or damaged by fire or other casualty, the money derived from any insurance on the Project shall be applied to rebuild or replace the Project destroyed or damaged, unless the Secretary gives written approval to use insurance proceeds for other purposes.
11. **DEMOLITION OF PROJECT:** The Grantee will not demolish any part of the Project or withdraw any part of the Project from use (except as temporarily necessary for routine repairs), without the prior written approval of HUD.
12. **REMEDIES FOR NONCOMPLIANCE:** Upon any violation of any provision of this Agreement by the Grantee, HUD may give written notice thereof to the Grantee by registered or certified mail, to the address stated in this Agreement, or such other address as subsequently, upon appropriate written notice thereof to the Secretary may be designated by the Grantee as its legal business address. If such violation is not corrected to the satisfaction of the Secretary within thirty (30) calendar days after the date such notice is mailed or within such further time as HUD reasonably determines is necessary to correct the violation, without further notice, HUD may declare a default under this Agreement and may apply to any court, state or federal, for specific performance of this Agreement, for an injunction against any violation of this Agreement, for the appointment of a receiver to take over and operate the Project in accordance with the terms of this Agreement, and/or such other relief as may be appropriate, since the injury to the Secretary arising from a default of the terms of the Agreement would be irreparable and the amount of damage would be difficult to ascertain. The availability of any remedy under the Agreement shall not preclude the exercise of any other remedy available under any provision of the law,

nor shall any action taken in the exercise of any remedy be considered a waiver of any other rights or remedies. Failure to exercise any right or remedy shall not be construed as a waiver of the right to exercise that or any other right or remedy at any time.

13. **SUCCESSORS AND ASSIGNS:** This Agreement is binding upon the Grantee's heirs, successors and assigns. If HUD approves a Conveyance during the term of this Agreement, it may be conditioned upon, among other things, the grantee assuming in writing Grantee's obligations under this Agreement.
14. **RESTRICTIONS:** No Member of Congress or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of the benefits of the Use Agreement, but this provision shall not be construed to extend to this Agreement if the Agreement is made with a corporation for its general benefit.
15. **CONTRADICTORY AGREEMENTS:** The Grantee certifies that it has not, and agrees that it will not, execute any other Agreement with provisions contradictory of, or in opposition to, the provisions of this agreement, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth herein and supersede any other provisions or requirements in conflict with this Agreement.
16. **SEPARABILITY:** The invalidity of any provision of this Agreement shall not affect the validity of the remaining provisions hereof.
17. **AMENDMENT:** This Agreement may be amended by the mutual written consent of the parties, except those provisions required by statute.
18. **RIDERS TO THE USE AGREEMENT:** The Riders checked or listed below and initialed by the parties are attached to and incorporated into this Use Agreement and will be placed in the Deed to run with the land. Capitalized terms used but not defined in a Rider shall have the meaning ascribed to such term in this Agreement. The use of the term Grantee in a Rider shall be deemed to mean the Purchaser.
 - Enforcement
 - Required Rehabilitation
 - Two-Year Rent Protection for Pre-Existing Very Low Income Tenants
 - Nondiscrimination Against Section 8 Certificate Holders and Voucher Holders
 - Environmental Hazards
19. **PRIORITY:** This Agreement shall be recorded against the Project in a superior position to any post foreclosure liens or mortgage debts.

IN WITNESS WHEREOF:

The Grantee has executed this Use Agreement this _____ day of _____, 20____.

WITNESS:

GRANTEE:

By: Signature

Typed Name of Grantee

Street Address

City, State, Zip Code

The U.S. Department of Housing and Urban Development (HUD) has executed this Use Agreement this _____ day of _____, 20____.

WITNESS:

FOR: THE SECRETARY OF HOUSING AND URBAN
DEVELOPMENT

BY: _____

Official's Typed Name

Title

Exhibit A
Legal Description

Lot Thirteen (13), Block Two (2), STEBBINS BLUEBERRY SUBDIVISION, according to the plat filed July 3, 1997 as Plat Number 97-7; Records of the Cape Nome Recording District, Section Judicial District, State of Alaska.

LEGAL DESCRIPTIONS ARE PROVIDED AS INFORMATION ONLY. INTERESTED PARTIES MUST ASCERTAIN
LEGAL DESCRIPTIONS THROUGH THEIR OWN DUE DILIGENCE.

RIDER 1 OF 5
ENFORCEMENT

The Use Agreement shall contain the following provision:

1. The restrictive covenants set forth in this Agreement shall run with the land hereby conveyed and, to the fullest extent permitted by law and equity, shall be binding for the benefit and in favor of and enforceable by the HUD and any/all successors in office.
2. Without limiting any other rights and remedies available to HUD, the HUD shall be entitled to:
 - a. institute legal action to enforce performance and observance of these covenants,
 - b. enjoin any acts which violate these covenants,
 - c. exercise any other legal or equitable right or remedy with respect to these covenants.
3. In addition, the restrictive covenants, if any, set forth in this Use Agreement relating to Section 8 assistance shall be enforceable by any tenant or applicant eligible for assistance under the Section 8 program.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Use Agreement.

Grantee_____

HUD_____

RIDER 2 OF 5
REQUIRED REHABILITATION

The Use Agreement shall contain the following provision:

1. **REPAIRS:** All property and property improvements must meet or surpass, at a minimum, all state and local codes and ordinances, Physical Condition Standards (pursuant to 24 CFR Part 5), the General Repair and Property Standards (listed below), and Rider 5, Environmental Hazards (collectively the "Repairs").
 - a. **General Repair and Property Standards**
 - i. **Exterior:**
 - Any trip hazards (deviations of ½ in or greater) on all surfaces of the property must be mitigated.
 - Repair and/or replace any loose, damaged or deteriorated facade, trim, posts, and cornice.
 - All exterior paint must be fully intact, mold and rust free.
 - All drainage, water diversion, roofing, and water proofing systems must be performing as originally intended to ensure positive drainage and minimize pooling.
 - All windows and exterior doors must be operable, lockable, draft free and water tight.
 - ii. **Interior/MEPs:**
 - All mechanical, plumbing, plumbing fixtures, electrical fixtures, electrical devices, appliances and HVAC must be in "Good" operating condition and hazard free.
 - All fire protection devices and systems must be working as originally intended.
 - All ventilation systems must be working as originally intended.
 - All interior painted surfaces and millwork must be fully intact, free of excessive grease and dirt.
 - All floor coverings must be fully attached, free of holes, chips, frays and excessive dirt.
 - All interior doors, locks, closures and stops must be operating as originally intended.
 - iii. **Workmanship and Materials:**
 - All work shall be performed in a workmanlike manner and in accordance with generally accepted practices and procedures.
 - Materials installed shall be of such kind and quality to ensure that the dwelling will provide acceptable durability for the duration of the Restricted Period.
 - All repair/rehabilitation work must be performed in a manner compliant with the essential and material requirements of all state codes, local codes, laws, ordinances, regulations, Physical Conditions Standards pursuant to 24 CFR Part 5.
 - All long and short lived building components must be performing as originally designed or intended.
 - b. All Repairs, required by this provision, will not be considered complete until such time as HUD or its designee has inspected the Repairs and HUD has accepted the Repairs.
2. **REPAIR PERIOD:** The Repair Period begins at closing and expires **six (6) months** from the date of the Use Agreement. The Grantee covenants that the Repairs will be completed within the Repair Period.
3. **EXTENSION OF THE REPAIR PERIOD:** If the Grantee cannot complete the Repairs within the Repair Period, Grantee shall submit a written request for an extension to HUD stating the reason(s) for Grantee's inability to complete the Repairs. Grantee's request must be received not less than thirty (30) calendar days prior to the expiration of the Repair Period.
 - a. Extensions of time to complete Repairs are within HUD's sole and absolute discretion;
 - b. The granting of one or more extensions shall not obligate HUD to grant additional extensions; and
 - c. Permission to extend the repair period will not be unreasonably withheld.
4. **REPORTING:** HUD will monitor the progress of the Repairs using reports from the Grantee and inspections performed by HUD or a designee.
 - a. **Quarterly Reports:** Grantee must submit quarterly reports (Post-Closing Repair Report, Attachment L) to HUD on the status of Repairs. The first report is due 90 days after closing and must include:
 - i. the number and type of units completed,
 - ii. a list of major Repairs and percentage completed,
 - iii. a narrative describing:
 - (a) the status of the planned rehabilitation, i.e. are Repairs ahead of, on schedule, or behind on

the original rehabilitation schedule.

(b) any special circumstances which may or have delayed the Repairs.

- b. Additional Reports: Upon request, Grantee must submit reports, in addition to the Quarterly Reports, to HUD. The frequency and content of these reports will be provided to the Grantee by HUD.

HUD may perform periodic inspections to ascertain the status of the Repairs. If, at any time, HUD determines the Grantee is failing to make adequate progress toward completion of the required Repairs or that the Repairs completed are not acceptable to HUD, Grantee may be required to provide a plan with milestones to show that acceptable Repairs can be completed within the Repair Period. Failure to meet milestones without adequate justification is a reason for Noncompliance as explained below.

5. **RENTS**: The Grantee covenants not to increase the rent for any unit, from the rent HUD is requiring a tenant to pay on the Closing date, until such unit meets all the requirements set forth in paragraph 1, above.
6. **RELOCATION**: If temporary or permanent relocation is necessary because of Repairs required under this provision, Grantee covenants to comply with the Relocation provision of this Use Agreement.
7. **NONCOMPLIANCE**: If Grantee fails to complete the required Repairs within the Repair Period and no extension by written agreement has been granted by HUD, HUD and any/all successors in office, in its sole discretion, shall be entitled to enter and terminate the estate hereby conveyed. This right and remedy may be exercised separately or in combination with the rights and remedies set forth in the Enforcement provision of this Use Agreement.
8. **LENDER OR SECURITY INTEREST**: If the Grantee fails to repair the Property in accordance with this Use Agreement, HUD will not exercise the remedies as described in paragraph 7 above, if any lender holding a lien or security interest on the Property:
 - a. Gives written notice to HUD within the period provided for Repairs, that it intends to complete the Repairs, and
 - b. Completes such Repairs within thirty (30) calendar days of the notice or within such longer periods as HUD may approve in writing.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Use Agreement.

Grantee_____

HUD_____

TWO-YEAR RENT PROTECTION FOR PRE-EXISTING VERY LOW-INCOME TENANTS

The Use Agreement shall contain the following provision:

1. The Grantee agrees that, for any unassisted, very low-income (as defined in 24 CFR 5.603) family which is a pre-existing tenant of a project and who after the acquisition would be required to pay rent in an amount in excess of thirty percent (30%) of the adjusted income (as defined in 24 C.F.R. 5.611) of the family, the rent for the unit occupied by the family may not be increased above the rent charged immediately before the acquisition. The rent protection will be enforceable for a period of two (2) years beginning upon the date of acquisition of the Property by the Grantee.
2. On the date of acquisition, the Grantee must provide notice to all tenants residing in unassisted units that they may qualify for the two-year rent protection.
3. Grantee shall conduct an initial income certification for all tenants within thirty (30) calendar days of the acquisition.
4. For all tenants covered by these provisions, Grantee must include in the lease(s) the terms and conditions of the two (2) year rent protection including a provision for an initial tenant income certification and not more than one (1) tenant income certification a year, except upon reduction of tenant income or upon tenant request.
5. Grantee shall provide to HUD a list of all tenants who are covered by this provision within sixty (60) calendar days of the date of this Use Agreement. The list should include the name of the lease holder, unit type, number of family members residing in the unit, and the amount of rent paid by the tenant. If the income certification is not complete within the sixty (60) calendar days, Grantee must report the progress of the certifications and provide a completion date. Upon completion of the income certifications, Grantee must submit the report in the required format and continue to submit this report quarterly, for a period of two (2) years from the date of Closing, to show protection of the tenants has occurred for two (2) years.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Use Agreement.

Grantee_____

HUD_____

NONDISCRIMINATION AGAINST SECTION 8 CERTIFICATE HOLDERS AND VOUCHER HOLDERS

The Use Agreement shall contain the following provision:

1. In order to comply with Section 204 of the Housing and Community Development Amendments of 1978, 12 USC §1701z-12, as amended, the Grantee, for self, successors and assigns, shall not unreasonably refuse to lease a dwelling unit offered for rent, refuse to offer or sell cooperative stock, or otherwise discriminate in the terms of tenancy or cooperative purchase and sale because any tenant or purchaser is the holder of a Certificate of Family Participation or a Voucher under Section 8 of the United States Housing Act of 1937 (42 USC §1437f), or any successor legislation hereinafter referred to as "Section 8". This provision is limited in application, for tenants or applicants with Section 8 Certificates or Vouchers, to those units, which rent for an amount not greater than one-hundred and twenty percent (120%) of the Section 8 fair market rent for a comparable unit in the area as determined by HUD.
2. This restriction shall bind the Grantee, any/all successors, assigns and Grantees for value, for a period equal to the Restricted Period. In the event of a breach or a threatened breach of this covenant, HUD, any/all successors in office and/or one or more third-party beneficiaries, shall be entitled to institute legal action to enforce performance and observance of such covenant and to enjoin any acts which are in violation of such covenant. For the purposes of this restriction, a third-party beneficiary shall be any person who holds a Certificate of Family Participation or a Voucher under Section 8 or any equivalent document under successor legislation.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Use Agreement.

Grantee_____

HUD_____

RIDER 5 OF 5
ENVIRONMENTAL HAZARDS

The Use Agreement shall contain the following provision:

Grantee covenants to:

1. Investigate and test the Property for substances, chemicals and waste (collectively "Hazardous Substances") and perform cleanup, remedial, removal or restoration work required by any governmental authority ("Inspect and Remediate Requirements").
2. Certify to HUD (in a form acceptable to HUD)) that the Inspect and Remediate Requirements have been performed in accordance with this provision.
3. Indemnify, defend, and hold HUD harmless from any liability arising from Grantee's failure to satisfactorily perform the Inspect and Remediate Requirements. Grantee acknowledges that HUD's acceptance of the work is not a warranty that all Hazardous Substances have been eliminated from the Property and does not relieve Grantee of its ongoing responsibility to comply with appropriate governmental authorities.

Grantee shall comply with Inspect and Remediate Requirements checked and any additional Hazardous Substances it becomes aware of concerning:

- ☐ ASBESTOS: 29 CFR 1926 and any subsequent regulations(s) including, but not limited to, all federal, state and local laws regarding detection, abatement, containment and removal of asbestos containing materials.
- ☐ LEAD-BASED PAINT: 42 USC 4821-4886 and the regulations thereunder, 24 CFR Part 35. Grantee shall inspect, test and abate any lead-based paint. Grantee shall comply with Section 35.88 "Disclosure Requirements for Sellers and Lessors" and Section 35.92 "Certification and Acknowledgment of Disclosure" of 24 CFR, *Lead Based Paint Poisoning Prevention in Certain Residential Structures*.
- ☐ RADON: All federal, state and local laws, and EPA guidelines regarding detection and abatement of radon.
- ☒ MOLD: All federal, state and local laws, and EPA guidelines regarding detection and abatement of mold.
- ☐ TOXIC AND HAZARDOUS SUBSTANCES: 29 CFR 1926 subpart Z (where a list of applicable substances can be found).

Remedies:

1. If Grantee fails to comply with this provision, HUD may enter and terminate the estate hereby conveyed. This right and remedy may be exercised separately or in combination with the rights and remedies set forth in the Enforcement provision of this Use Agreement
2. HUD shall not exercise its available remedies if any lender holding a lien or security interest on the Property:
 - a. Gives written notice to HUD within the period provided for repairs, that it intends to complete the Inspect and Remediate Requirements, and
 - b. Completes the Inspect and Remediate Requirements within thirty (30) calendar days of the notice or within such extended period that HUD may approve in writing.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Use Agreement.

Grantee_____

HUD_____

Certification of Substantial Compliance

TO: The United States Department of Housing and Urban Development

FROM: _____

I Certify to HUD that any and all project(s) that are owned by _____, or its affiliates, and located in _____ (City or Town where project being purchased is located) is/are in substantial compliance with applicable state and/or local housing statutes, regulations, ordinances and codes and are listed on Schedule A attached hereto.

WARNING: It is a crime to knowingly make false statements to the United States in this document or any other document related to this sale. Penalties upon conviction can include a fine or imprisonment. For details see: Title 18 U.S. Code, Section 1001 and Section 1010.

By: _____
Grantee Name

Title

Address

Telephone Number

Date

STATE OF: _____)
COUNTY OF: _____)
Came before me this _____ day of _____, 20____. Notary Seal

Schedule A: All projects owned by _____ or affiliates.

List each project name	List name of principal or affiliate with ownership of project.	List project address

PROTECTING TENANTS AT FORECLOSURE ACT

Applicable to all foreclosure sales:

In the case of foreclosure involving any multifamily residential dwelling, the purchaser at foreclosure shall be subject to the following:

1. Any bona fide tenant occupying a unit as of the date of the notice of foreclosure must be given 90 calendar days prior notice to vacate the unit; and
2. Any tenant retains all of its rights as of the date of the notice of foreclosure. These rights include:
 - (A) Any tenant who, on or after the date of the notice of foreclosure, is under a lease agreement entitling the tenant to occupy the premises until the end of the remaining term of the lease, will continue to maintain his/her rights under the lease agreement, except that a purchaser at foreclosure *who will occupy a unit as a primary residence* may, terminate a tenant's lease for that unit, effective on the date of sale, by issuing notice of the termination of tenancy to the tenant at least 90 calendar days prior to the effective date of the notice.
 - (B) Any tenant who is a tenant at will under state law or occupies the unit without a lease retains all of its rights regarding occupancy of the unit, except such tenant may be required by a purchaser at foreclosure to vacate the unit provided that the tenant is given 90 calendar days prior notice by the purchaser at foreclosure.
 - (C) Nothing contained in paragraphs 1 and 2 herein shall affect the requirements for termination of any federal or state subsidized tenancy or of any state or local law that provides longer time periods or additional protections for tenants, those rights will be retained by the tenant.
3. If the tenant holds a Section 8 voucher and has a lease agreement, the purchaser at foreclosure may terminate the tenancy effective as of the date of the transfer of ownership to the purchaser if (1) the purchaser will occupy the unit as a primary residence and (2) provides the tenant with a notice to vacate at least 90 calendar days before the effective date of the notice.
4. The purchaser at foreclosure will assume its interest in the property subject to: (1) the existing leases between the prior owner and the current tenants; and (2) the existing Housing Assistance Payments contract between the prior owner and the public housing agency for any occupied unit, except that requirements contained in this paragraph 4 and in paragraph 3 shall not affect any state or local law that provides longer time periods or other additional protections for tenants.

Attachment K - 24 CFR Part 5

§ 5.703 Physical condition standards for HUD housing that is decent, safe, sanitary and in good repair (DSS/GR).

These standards address the major areas of the HUD housing: the site; the building exterior; the building systems; the dwelling units; the common areas; and health and safety considerations.

- (a) *Site.* The site components, such as fencing and retaining walls, grounds, lighting, mailboxes/project signs, parking lots/driveways, play areas and equipment, refuse disposal, roads, storm drainage and walkways must be free of health and safety hazards and be in good repair. The site must not be subject to material adverse conditions, such as abandoned vehicles, dangerous walks or steps, poor drainage, septic tank back-ups, sewer hazards, excess accumulations of trash, vermin or rodent infestation or fire hazards.
- (b) *Building exterior.* Each building on the site must be structurally sound, secure, habitable, and in good repair. Each building's doors, fire escapes, foundations, lighting, roofs, walls, and windows, where applicable, must be free of health and safety hazards, operable, and in good repair.
- (c) *Building systems.* Each building's domestic water, electrical system, elevators, emergency power, fire protection, HVAC, and sanitary system must be free of health and safety hazards, functionally adequate, operable, and in good repair.
- (d) *Dwelling units.*
 - (1) Each dwelling unit within a building must be structurally sound, habitable, and in good repair. All areas and aspects of the dwelling unit (for example, the unit's bathroom, call-for-aid (if applicable), ceiling, doors, electrical systems, floors, hot water heater, HVAC (where individual units are provided), kitchen, lighting, outlets/switches, patio/porch/balcony, smoke detectors, stairs, walls, and windows) must be free of health and safety hazards, functionally adequate, operable, and in good repair.
 - (2) Where applicable, the dwelling unit must have hot and cold running water, including an adequate source of potable water (note for example that single room occupancy units need not contain water facilities).
 - (3) If the dwelling unit includes its own sanitary facility, it must be in proper operating condition, usable in privacy, and adequate for personal hygiene and the disposal of human waste.
 - (4) The dwelling unit must include at least one battery-operated or hardwired smoke detector, in proper working condition, on each level of the unit.
- (e) *Common areas.* The common areas must be structurally sound, secure, and functionally adequate for the purposes intended. The basement/garage/carport, restrooms, closets, utility, mechanical, community rooms, day care, halls/corridors, stairs, kitchens, laundry rooms, office, porch, patio, balcony, and trash collection areas, if applicable, must be free of health and safety hazards, operable, and in good repair. All common area ceilings, doors, floors, HVAC, lighting, outlets/switches, smoke detectors, stairs, walls, and windows, to the extent applicable, must be free of health and safety hazards, operable, and in good repair. These standards for common areas apply, to a varying extent, to all HUD housing, but will be particularly relevant to congregate housing, independent group homes/residences, and single room occupancy units, in which the individual dwelling units (sleeping areas) do not contain kitchen and/or bathroom facilities.
- (f) *Health and safety concerns.* All areas and components of the housing must be free of health and safety hazards. These areas include, but are not limited to, air quality, electrical hazards, elevators, emergency/fire exits, flammable materials, garbage and debris, handrail hazards, infestation, and lead-based paint. For example, the buildings must have fire exits that are not blocked and have hand rails that are undamaged and have no other observable deficiencies. The housing must have no evidence of infestation by rats, mice, or other vermin, or garbage and debris. The housing must have no evidence of electrical hazards, natural hazards, or fire hazards. The dwelling units and common areas must have proper ventilation and be free of mold, odor (e.g., propane, natural gas, methane gas), or other observable deficiencies. The housing must comply with all requirements related to the evaluation and reduction of lead-based paint hazards and have available proper certifications of such (see 24 CFR part 35).
- (g) *Compliance with state and local codes.* The physical condition standards in this section do not supersede or preempt state and local codes for building and maintenance with which HUD housing must comply. HUD housing must continue to adhere to these codes.

Attachment L

Post Closing Repair Report

Property:		Repair Expenditures to Date: \$
Address:		Date Repairs Began:

Number of HAP Units:

Number of HAP Units repaired/meeting PCS:

Number of Units:

Number of Units repaired/meeting PCS:

List major repairs as required by Form HUD-9552 and provide status of those repairs:

Major Repair (EX: replace roofs for 5 buildings)	Work Completed (EX: roofs replaced for 3 buildings: 60%)

Provide narrative describing any special circumstances beyond your control which may, or have delayed the repairs:

Provide narrative describing the status of the planned rehabilitation. Your narrative should include whether you are ahead of, on schedule, or behind on your original rehabilitation schedule:

Date of Report:

Report completed by: _____ Title _____

Please fax a completed version of this report to the Property Disposition Center Construction Analyst, at (817) 978-6018. Reports are due quarterly and to be continued until the repairs are complete.

Attachments:

1. Attach a minimum of 4 photographs depicting repaired conditions.
2. Attach additional pages as necessary to provide a thorough explanation of status of repairs.

Return to: Nome City Center
P.O. Box 96
Nome, AK 99762

JUL 13 '00

9:50 No. 001 P. 02

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LEASE AGREEMENT

This Lease Agreement is made this 13 day of July, 2000, between the City of Stebbins ("Landlord") and Stebbins Elder Housing Center, Inc., an Alaska non-profit corporation ("Tenant").

Tenant is applying for a HUD 202 grant for the provision of Senior housing to be built on the land which is the subject of this Lease. In order to obtain the grant funds it is necessary for Tenant to have in place a lease agreement for the land on which the project will be constructed with the term being a minimum fifty (50) years from the date of disbursement of the HUD funds. Landlord agrees to lease suitable property to Tenant for this purpose. Accordingly, Landlord and Tenant agree as follows:

1. PROPERTY.

1.01 Property. Landlord leases to Tenant and Tenant leases from Landlord the following described real property:

Lot Thirteen (13), Block Two (2), STEBBINS BLUEBERRY SUBDIVISION, according to the plat filed July 3, 1997 as Plat Number 97-7; Records of the Cape Nome Recording District, Second Judicial District, State of Alaska.

(The "Property"), for the term, the rent, and subject to the covenants and conditions provided in this Lease.

1.02 Quiet Enjoyment, Restrictions, Easements, Etc. Landlord covenants and agrees that Tenant, upon observing and keeping the covenants, conditions and terms of this Lease on Tenant's part to be kept or performed, shall lawfully and quietly hold, occupy and enjoy the Property during the term of this Lease without hindrance or molestation, subject, however, to the rights and reservations expressed in the U.S. Patent to the Property, the State of Alaska Patent to the Property, existing easements for roads, gas, electric, water, sewer and other utility lines, restrictions of record and to encroachments ascertained by physical inspections of the Property.

1.03 Property Accepted "As Is". Tenant acknowledges that it has inspected the Property and accepts the same "as is" and without reliance on any representations or warranties of Landlord, its agents, servants, or employees, as to the physical conditions of the Property, including, but not limited to, subsurface and soil conditions, or as to its fitness habitability or for any particular purpose, or otherwise.

Attachment M

I hereby certify this to be a true and exact copy of the original.
FAIRBANKS TITLE AGENCY, INC.
TITLE AGENCY, INC.

- 1.04 No Subsurface Rights. This Lease confers no mineral rights or rights with regard to the subsurface of the land below the level necessary for the use of the Property as stated in this Lease. Landlord makes no warranty or representation as to whether the Property is open or closed to mineral claims or leases under state or federal law.

2. TERM.

- 2.01 Lease Term. The term of this Lease shall be fifty (50) years, commencing on July 1, 2000, and ending on the last day of June, 2050.
- 2.02 Preference Rights to Re-Lease. Provided the Tenant is not in breach or default of any of the terms or conditions of this Lease, Tenant shall, upon expiration of this Lease, be allowed a preference right to re-lease the Property if all of the other factors are substantially equivalent, unless it shall be determined by Landlord in good faith that the renewal of this Lease is not in the best interest of Landlord.
- 2.03 Application to Re-Lease. If, at the expiration of this Lease Tenant desires to re-lease the Property, Tenant shall, not sooner than one-hundred eighty (180) calendar days and not later than sixty (60) calendar days prior to the expiration, make application to re-lease the Property. The re-lease application shall certify the character and value of all improvements placed by Tenant on the Property, the purpose and lengths for which the re-lease is desired and any other information that Landlord may require.
- 2.04 Hold-Over. If Tenant shall hold-over after the expiration of the term of this Lease, such tenancy shall be from month-to-month, subject to all the terms, covenants and conditions of this Lease.

3. RENT, TAXES, ASSESSMENTS AND UTILITIES.

- 3.01 Rent. Tenant agrees to pay Landlord an annual rent of One Dollars (\$1.00), payable in annual installment to be made not later than the first (1st) day of July. Rent for any partial year shall be prorated at the rate of one-twelfth (1/12th) of the annual rent per month or portion thereof.
- 3.02 Tenant to Pay Assessments. Tenant, during the term of this Lease, agrees to pay directly to the public authorities and/or public utility companies charged with collection thereof, any and all assessments levied on the Property for any part or all of the costs of any public work or improvements levied on the Property assessed according to benefit found by the levying authority to accrue therefrom to the Property; provided, however, that if an option is given to pay such assessment(s) in

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installments, Tenant may elect to pay the same in installments, and in such case Tenant will be liable only for such installments as shall accrue during the term of this Lease. Landlord warrants and represents there are currently no outstanding assessments levied on the Property for any part or all of the cost of any public work or improvement constructed by Landlord. It is Tenant's responsibility to verify if there are any assessments against the subject Property by any utility provider.

- 3.03 Taxes. Throughout the term of this Lease Landlord shall be responsible for payment of all taxes levied by Landlord against the Property or any improvements constructed by Tenant upon the Property. Tenant shall be responsible for payment of any taxes levied upon the Property by any other taxing authority.
- 3.04 Proration of Taxes and Assessments. If Tenant's obligation to pay taxes or assessments commences or ends during a tax year, such obligation shall be prorated between Landlord and Tenant.
- 3.05 Contest. Tenant shall have the right to contest any taxes or assessments which Tenant may be obligated to pay under paragraphs 3.02 or 3.03 of this Lease. Such proceedings shall, if instituted, be conducted promptly at Tenant's own expense and free from all expense to Landlord. Before instituting any such proceedings, Tenant shall pay under protest any such taxes or assessments, or shall furnish to Landlord a surety bond written by a company acceptable to Landlord or other security acceptable to Landlord, sufficient to cover the amount of such taxes or assessments, with interest for the period which such proceedings may reasonably be expected to take, and costs, securing the payment of such taxes or assessments, interest and costs in connection therewith when finally determined. Notwithstanding the furnishing of any such bond or security, Tenant shall pay any such taxes or assessments at least thirty (30) days before the time when the Property, or any part thereof, might be forfeited. The proceedings referred to in this paragraph 3.05 shall include appropriate appeals from any orders or judgments therein, but all such proceedings shall be begun as soon as reasonably possible after the imposition or assessment of any such taxes or assessments and shall be prosecuted to final adjudication promptly.

In the event of any reduction, cancellation or discharge, Tenant shall pay the amount that shall be finally levied or assessed against the Property or adjudicated to be due and payable, and, if there shall be any refund payable by the governmental authority with respect thereto, Tenant shall be entitled to receive and retain the same, subject, however, to apportionment as provided in paragraph 3.04 of this Lease. Landlord, at Landlord's option, may, but shall not be obligated to, at Landlord's own expense,

contest any such taxes or assessments, which shall not be contested as set forth above, and, unless Tenant shall promptly join with Landlord in such contest and pay all costs and attorney fees of Landlord therein, Landlord shall be entitled to receive and retain any refund payable by any governmental authority with respect thereof.

- 3.06 Tenant to Pay Utility Charges. Tenant shall pay or cause to be paid all charges for gas, oil, electricity, water, sewer, heat, snow removal, refuse removal and any and all other utilities or services used upon the Property throughout the term of this Lease, including any connection fees.

4. USE.

- 4.01 Use. Tenant acknowledges that the Property is being leased on the express condition that Tenant applies for and obtains a HUD Section 202 Supportive Housing Grant, and thereafter builds and operates the project, and that the Property be used for those purposes. Tenant Shall not conduct any illegal activities on the Property or maintain any nuisances on the Property.

5. TRADE FIXTURES

- 5.01 Tenant's Ownership of Trade Fixtures, Machinery and Equipment. It is expressly understood and agreed that any and all trade fixtures (including electrical fixtures), machinery, equipment of any nature whatsoever and other personal property of Tenant at any time placed or maintained upon the Property by Tenant shall be and remain property of Tenant and may be moved or replaced at any time during the term of this Lease.

6. INDEMNITY

- 6.01 Indemnity. Tenant agrees to defend, indemnify and hold Landlord harmless from and against any and all liability arising from acts or omissions of any person and of any nature whatsoever occurring on or relating to the Property, causing injury to, or death of persons, or loss of, or damage to, property, and from any expense, including attorney fees, incident to the defense of and by Landlord therefrom. If any action or proceeding is brought against Landlord by reason of any such occurrences, Landlord shall promptly notify Tenant in writing of such action of proceeding. Nothing in this paragraph shall be construed to require Tenant to indemnify or defend Landlord for any claim or liability arising from Landlord's own negligence, recklessness, or willful misconduct.

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7. CARE OF PROPERTY.

7.01 Care of the Property. Tenant, at its own cost and expense, shall keep the Property and all buildings and improvements which at any time may be situated thereon in good condition and repair during the term of this Lease, ordinary wear and tear excepted. The Property shall always be kept by Tenant neat, clean and free of litter. No vehicle, equipment, supplies, materials or other thing shall be stored on the Property unless stored inside a building or within a fenced area which screens completely from public view the stored vehicle, equipment, supplies, materials, or other thing.

7.02 Restoration or Removal of Damaged Buildings and Improvements. In the event any buildings or improvements situated on the Property by Tenant are damaged or destroyed by fire or other casualty, Tenant shall at Tenant's expense restore the same to good and tenantable condition or shall remove the same as soon as is reasonably possible, but in no event shall the period of restoration exceed eighteen (18) months, nor shall the period of removal exceed forty-five (45) days.

8. HUD REQUIREMENTS (SECTION 202).

Notwithstanding any other provisions of this Lease, if and so long as this leasehold is subject to a Section 202 Mortgage held by the Secretary of Housing and urban Development (HUD), or given to the Secretary of HUD in connection with a resale, or the demised premises are acquired and held by him because of a default under said mortgage:

8.01 The Tenant is authorized to obtain a Section 202 Capital Advance from the Secretary of HUD, secured by a mortgage on this leasehold estate. Tenant is further authorized to execute a mortgage on the leasehold and otherwise to comply with the requirements of HUD for obtaining a mortgage.

8.02 The Secretary of HUD, or his successors in office, shall have the option in the event that he or his successor in office shall acquire title to the leasehold estate, to purchase good and marketable fee title to the demised premises, free of all liens and encumbrances, except such as may be waived or accepted by him or his successor in office, within twelve (12) months after so acquiring the leasehold estate, for the sum of SEVEN THOUSAND TWO HUNDRED AND NO/100 Dollars (\$7,200.00), payable in cash or by certified or U.S. Treasury check, provided all rents are paid to date of transfer of title, upon first giving sixty (60) days' written notice to Landlord or other person or corporation who may then be the owner of the fee, and the owner of the fee shall thereupon execute and deliver to the Secretary,

or his successor in office, a deed of reconveyance to the demised premises, containing a covenant against the grantor's acts, but excepting therefrom such acts of the Tenant and those claiming by, through or under the holder of the leasehold estate. Nothing in this option shall require the Landlord to pay any taxes or assessments which were due and payable by the Tenant.

8.03 If approved by the Secretary of HUD, Tenant may assign, transfer or sell its interest in the demised premises.

8.04 (a) Insurance policies shall be in an amount, and by such companies, and in such form, and against such risks and hazards, as shall be required by the mortgagee and/or the Secretary of HUD.

(b) Landlord shall not take out separate insurance concurrent in form or contributing in the event of loss with that specifically required to be furnished by Tenant to HUD. Landlord may, at its own expense, however, take out separate insurance which is not concurrent in form or not contributing in the event of loss with that specifically required to be.

8.05 (a) If all or any part of the demised premises shall be taken by condemnation, that portion of any award attributable to the improvements, or damage to the improvements, shall be paid to the mortgagee or otherwise disposed of as may be provided in the mortgage. Any portion of the award attributable solely to the taking of the land shall be paid to the Landlord. After the date of taking, the annual ground rent shall be reduced ratably by the proportion which the award paid to Landlord bears to the total value of the land as established by the amount the Secretary of Housing and Urban Development would be required to pay upon acquisition of the fee.

(b) In the event of a negotiated sale of all or any portion of the demised premises in lieu of condemnation, the proceeds shall be distributed and ground rents reduced as provided in cases of condemnation, but the approval of the Secretary of HUD shall be required as to the amount and division of the payment to be received.

8.06 Landlord agrees that, within ten (10) days after receipt of written request from the Tenant, it will join in any authorizations required by any governmental or other body claiming jurisdiction in connection with any work which the Tenant may do hereunder, and will also join in any grants for easements for electric, telephone, gas, water, sewer and such other public facilities as may be reasonably necessary in the operation of the demised premises or of any improvements that may be erected

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thereon, and if at the expiration of such ten (10) day period, Landlord shall not have joined in any such application or grants for easement, Tenant shall have the right to execute such application and grants in the name of Landlord, and, for that purpose, Landlord hereby irrevocably appoints Tenant as its attorney-in-fact to execute such papers on behalf of Landlord.

- 8.07 Nothing in this Lease contained shall require Tenant to pay any franchise, estate, inheritance, succession, capital levy or transfer tax, or any other tax, assessment, charge or levy upon the rent payable by Landlord under this Lease.
- 8.08 Upon any default under this Lease which authorizes the cancellation thereof by Landlord, Landlord shall give notice to the Secretary of HUD, and Secretary of HUD, his successors and assigns, shall have the right any time within six (6) months from the date of such notice to correct the default and reinstate the Lease unless Landlord has first terminated the Lease as provided herein.

At any time after two (2) months from the date a notice of default is given to the Secretary of HUD, the Landlord may elect to terminate the Lease and acquire possession of the demised premises. Upon acquiring possession of the demised premises, Landlord shall notify the Secretary. The Secretary shall have six (6) months from the date of such notice of acquisition to elect to take a new lease on the demised premises. Such new lease shall have a term equal to the unexpired portion of the term of this Lease and shall be on the same terms and conditions as contained in this Lease, except that the Secretary's liability for ground rent shall not extend beyond his occupancy under such lease. The Landlord shall tender such new lease to the Secretary within thirty (30) days after request for such lease and shall deliver possession of the demised immediately upon execution of the new lease. Upon executing a new lease, the Secretary shall pay to Landlord any unpaid ground rentals due or that would have become due under this Lease to the date of execution of the new lease, including any taxes which were liens on demised premises and which were paid by the Landlord, unless any net rentals or other income which Landlord may have received on account of this Property since the date of default under this Lease.

- 8.09 All notices, demands and requests which are required to be given by the Landlord, the Tenant or the Secretary shall be in writing and shall be sent registered or certified mail, postage prepaid, and addressed to:

Landlord: Stebbins City Offices
P.O. Box 22
Stebbins, Alaska 99671

Tenant: P.O. Box 101
Stebbins, Alaska 99671

Secretary: U.S. Department of Housing and Urban Development
Multifamily Housing
949 East 36th Avenue, Suite 401
Anchorage, Alaska 99508

unless a request for a change in this address has been sent to the party giving the notice by registered or certified mail prior to the time when such notice is given.

8.10 This Lease shall not be modified without the consent of the Secretary of HUD.

9. **DEFAULT**

9.01 **Default.** Each of the following events shall be deemed an event of default by the Tenant under this Lease and a breach of the terms, covenants, and conditions of this Lease:

- (a) Failure to perform the development requirements contained in this Lease
- (b) A default in the payment of the rent and additional sums due under this Lease, or any part thereof, for a period of fifteen (15) days from the due date for the payment of such rent or additional sums.
- (c) A default in the performance of any other term, covenant or condition on the part of the Tenant to be kept, performed or observed for a period of thirty (30) days after Landlord gives to Tenant a written notice specifying the particular default or defaults; provided, however, that any default on the part of Tenant in the performance of work or acts required by it to be done, or conditions to be modified, shall be deemed to be cured if steps shall have been taken promptly by Tenant to rectify the same and shall be prosecuted to completion with diligence and continuity.
- (d) The making by Tenant of any assignment for the benefit of creditors.

- (e) The appointment of a receiver by a court of competent jurisdiction for Tenant's business
- (f) The levy upon under execution or attachment by process of law of the leasehold interest in the Property.
- (g) The use of the Property or buildings and improvements thereon for purposes other than enumerated herein, to which Landlord has not given its written consent.
- (h) The abandonment of the Property by Tenant.

9.02 Landlord's Remedies. In the event of any default by Tenant as recited in paragraph 9.01 of this Lease, Landlord shall have all of the below enumerated rights and remedies, all in addition to any rights and remedies that Landlord may be given by statute, common law or otherwise. All rights of Landlord shall be cumulative, and none shall exclude any other right or remedy. Landlord's rights and remedies include the following:

- (a) Landlord may declare the term of this Lease ended by written notice to Tenant. Upon termination of the Lease, Tenant shall surrender possession and vacate the Property immediately, and deliver possession thereof to Landlord, and Tenant hereby grants to Landlord full and free license to enter into and upon the Property in such event with or without process of law and to repossess Landlord or the Property and to expel or remove Tenant and any others who may be occupying or within the Property and to remove any and all property therefrom, using such force as may be necessary, without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without relinquishing Landlord's right to rent or any other right given to Landlord hereunder by operation of law.
- (b) Landlord may, by written notice, declare Tenant's right to possession of the Property terminated without terminating this Lease. Upon such termination of Tenant's right to possession, Landlord shall have all the rights to repossess the Property and remove Tenant and Tenant's property that are enumerated in paragraph 9.02.
- (c) If this Lease shall be deemed terminated, Tenant's liabilities shall survive and Tenant shall be liable for damages as provided in this paragraph 9.02

10. GENERAL PROVISIONS

- 10.01 Estoppel Certificates. Either party shall at any time and from time to time upon not less than thirty (30) days' prior written request by the other party, execute, acknowledge and deliver to such party, or to its designee, a statement in writing certifying that this Lease is unamended and in full force and effect (or, if there has been any amendment thereof, that the same is in full force and effect as amended and stating the amendment or amendments), that there are no defaults existing, (or, if there is any claimed default, stating the nature and extent thereof); and stating the dates to which the rent and other charges have been paid in advance.
- 10.02 Conditions and Covenants. All the provisions of this Lease shall be deemed running with the land, and shall be construed to be "conditions" as well as "covenants," as though the words specifically expressing or imparting covenants and conditions were used in each separate provision.
- 10.03 No Waiver of Breach. No failure by either Landlord or Tenant to insist upon the strict performance by the other of any term, covenant or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or of such terms, covenants or conditions. No waiver of any breach shall affect or alter this Lease, but each and every term, covenant and condition of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach.
- 10.04 Time of Essence. Time is of the essence of the Lease and of each provision.
- 10.05 Computation of Time. The time in which any act provided by this Lease is to be done is computed by excluding the first (1st) day and including the last, unless the last day is a Saturday, Sunday, or a holiday, and then it is also excluded. The term "holiday" shall mean all holidays as defined by the statutes of Alaska.
- 10.06 Successors in Interest. Each and all of the terms, covenants and conditions in this Lease shall inure to the benefit of and shall be binding upon the successors in interest of Landlord and Tenant.
- 10.07 Entire Agreement. This Lease contains the entire agreement of the parties with respect to the matters covered by this Lease, and no other agreement, statement or promise made by any party which is not contained in this Lease shall be binding or valid.

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- 10.08 Governing Law. This Lease shall be governed by, construed and enforced in accordance with the laws of the State of Alaska.
- 10.09 Partial Invalidity. If any provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated; unless such provisions are considered by Tenant to be into Tenant's use of the Property for the purposes stated herein in which case Tenant will have the authority to terminate this Lease upon thirty (30) days' written notice to Landlord.
- 10.10 Relationship to Parties. Nothing contained in this Lease shall be deemed or construed by the parties or by any third person to create the relationship of principal and agent or of partnership or of joint venture or of any association between Landlord and Tenant; and neither the method of computation of rent, nor any other provision contained in this Lease nor any acts of the parties, shall be deemed to create any relationship between Landlord and Tenant other than the relationship of Landlord and Tenant.
- 10.11 Interpretation. The language in all parts of this Lease shall in all cases be simply construed according to its fair meaning and not for or against Landlord or Tenant as both Landlord and Tenant have had opportunity for the assistance of attorneys in drafting and reviewing this Lease.
- 10.12 Number and Gender. In this Lease, the neuter gender includes the masculine and the feminine, and the singular number includes the plural; the word "person" includes corporation, partnership, firm or association wherever the context so requires.
- 10.13 Mandatory and Permissive. "Shall," "will" and "agrees" are mandatory; "may" is permissive.
- 10.14 Captions. Captions of the paragraphs of this Lease are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Lease.
- 10.15 Amendment. This Lease is not subject to amendment, except in writing executed by all parties hereto.
- 10.16 Delivery of Notices - Method and Time. All notices, demands or requests from one party to another shall be delivered in person or be sent by mail, certified or

registered, postage prepaid, to the addresses stated in paragraph 10.17 and shall be deemed to have been given at the time of delivery or, if mailed, three (3) days after the date of mailing.

- 10.17 Notices. All notices, demands and requests from Tenant to Landlord shall be given to Landlord at the following address:

Stebbins City Offices
P.O. Box 22
Stebbins, Alaska 99671

All notices, demands or requests from Landlord to Tenant shall be given to Tenant at the following address:

P.O. Box 101
Stebbins, Alaska 99671

- 10.18 Changes of Address of Agent. Each party shall have the right to designate a different address or different agent for services of process by notice given in conformity with paragraph 10.16.

11. OWNERSHIP OF IMPROVEMENTS AND FIXTURES ON TERMINATION

- 11.01 Tenant May Remove Building, Improvements, Fixtures, Machinery and Equipment. Buildings, improvements, fixtures, machinery and equipment owned by Tenant may be removed by Tenant from the Property within sixty (60) days after the expiration or termination of this Lease; provided that such removal will not cause injury or damage to the Property, or if it does, Tenant shall indemnify Landlord for the full amount of such damage; and further provided that any buildings, improvements, fixtures, machinery or equipment left on the Property by Tenant shall be in good, safe and tenantable or operable condition; and further provided that Tenant shall not commit, create, leave or allow to exist on the Property any nuisance or public nuisance. Landlord may extend the time for such removal in case hardship is shown to Landlord's satisfaction, provided application for extension has been made in writing and received by Landlord within said sixty (60) day period.

- 11.02 Property Not Removed. Any buildings, improvements, fixtures, machinery, equipment or other items or real property, which are not removed from the Property within the time allowed in paragraph 11.01 of this Lease shall immediately become the property of Landlord and title hereto shall vest in Landlord without further action

on the part of Tenant or Landlord. Landlord may use, sell, destroy, or otherwise dispose of any such property in any manner which it sees fit without further obligation to Tenant.

12. Prior Agreements.

12.01 Prior Agreements. This Lease supercedes all prior agreements of the parties regarding the subject matter hereof, including a prior Lease Agreement dated and executed September 2, 1999.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the dates herein below set forth.

Landlord: City of Stebbins

Dated: 7/7/00 By: R.D. Ferris
Its: VICE-MAYOR

Tenant: Stebbins Elder Housing Center, Inc.

Dated: 7/07/00 By: Thomas Coffey
Its: President

ACKNOWLEDGMENT

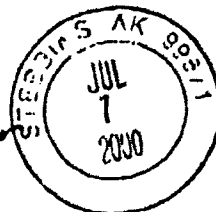
STATE OF ALASKA)
) ss.
SECOND JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 7 day of July, 2000, by Bob Ferris Vice Mayor of City of Stebbins, on behalf of the City.

Therese Katakaki

Notary Public in and for Alaska

My commission expires: 8/31/2001

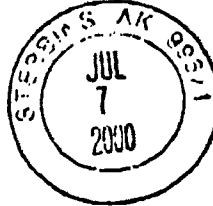


ACKNOWLEDGMENT

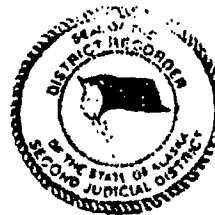
STATE OF ALASKA)
) ss.
SECOND JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 7 day of July, 2000, by Morris Coffey, President of Stebbins Elder Housing Center, Inc., an Alaska non-profit corporation, on behalf of the corporation.

Theodore Katschali
Notary Public in and for Alaska
My commission expires: 8/31/2025



000858 54 2000 JUL 13 A 9:17
CAPE NOME COWB REQUESTED BY HUD
RECORDING DISTRICT



United States of America)
State of Alaska) ss

THIS IS TO CERTIFY that the foregoing is a full, true and correct copy of the document as it appears in the records and files of my office.

IN THE WITNESS WHEREOF I have hereunto set my hand and have affixed my official seal at Nome, Alaska.

This 13th day of July 2000
 Recorder L. W. Webb